

Burn Notice Super Fund

Schedule 1 to this deed

Date deed established

26 July 2014

Name and address and ACN of trustee

Burn Notice Super Pty. Ltd., ACN 600903759
91 Hilly Street
Mortlake, NSW 2137

Name and address of members

Agathe Lucas
91 Hilly Street
Mortlake, NSW 2137

David Hindmarsh
91 Hilly Street
Mortlake, NSW 2137

Name of person establishing the fund (Principal)

David Hindmarsh
91 Hilly Street
Mortlake, NSW 2137

{The fields in all of the following schedules to this deed are left intentionally 'blank' as the schedules are to be used as 'pro-forma' documents if the fund wishes to add members etc. in the future. These schedules are to be bound in and form part of this Deed.}

Schedule 2 to this deed

Application to become a Member

This Application Form contains your Death Benefit Nomination and undertakings which must be made by you. It is also accompanied by the Product Disclosure Statement relevant to the fund contained in Annexure A.

Part 1 Application and Undertakings

- I apply to become an [*Either* initial *Or* additional] member of this fund under the trust deed.
- I make each of the following undertakings:
 - [*Either* I am not in an employment relationship with another member. *Or* I am not in an employment relationship with another member who is not a relative of mine.]
 - I am not a disqualified person under superannuation law from being a [*Either* trustee *Or* director of the trustee] of the fund.
 - I will comply with the trust deed.
 - Upon request, I will fully disclose in writing any information required by the trustee in respect of my membership of the fund. This includes disclosing:
 - Any circumstance which may lead to my entering into an employment relationship with any other member of the fund who is not also a relative of mine.
 - That I may become disqualified under superannuation law from being a [*Either* trustee *Or* director of the trustee] of the fund.
 - Any information in relation to my medical condition.
 - I will act as a [*Either* trustee *Or* director of the trustee] of the fund.
 - I understand the trust deed, particularly its terms concerning the benefits payable under it, and I have read and understood the attached Product Disclosure Statement, annexed and marked 'A'.
 - I have read and understand the prescribed information relating to the collection of Tax File Numbers by the trustees of superannuation funds.

I attach a completed ATO Individual Tax File Number Notification form.

Applicant name [Insert applicant's name]
 Applicant address [Insert applicant's address]
 Applicant occupation [Insert applicant's occupation]
 Date of birth [Insert applicant's date of birth]
 Applicant place of birth [Insert applicant's place of birth]

Part 2: Death Benefit: Beneficiary Nomination

If death benefit nomination is to be binding This is a binding death benefit notice. By completing and signing it you are requiring the trustee to provide any benefit payable on or after your death to the person or persons you mentioned in this notice, being one or more dependants or your legal personal representative. *Or If death benefit notice is to be non binding* This is a direction to the trustee as to how to apportion any benefit payable on your death. It is a non binding death benefit notice and the trustee retains the discretion as to how to apply any benefit payable on your death.

[If the beneficiary is your legal personal representative only] direct [Either the trustees Or the directors of the trustee] that my legal personal representative is to receive 100% of any death benefit that is payable if I die.

[If the beneficiary is another person/s or both the member's legal personal representative and other person/s] direct [Either the trustees Or the directors of the trustee] that the person[s] named in the following table [are/is] to receive the proportions specified in that table of the benefit that is payable if I die.

Person	Relationship to member	Proportion of death benefit
<i>[Insert beneficiary's name. If this beneficiary is your legal personal representative, insert "Legal personal representative"]</i>	<i>[Insert beneficiary's relationship to member or if this beneficiary is your legal personal representative, insert "Legal personal representative"]</i>	<i>[Insert proportion of the death benefit to be paid to this beneficiary] %</i>
<i>[Add rows to table as required]</i>		

[If death benefit nomination is to be binding (Please note, that this beneficiary direction is valid for only 3 years.)]

Signed by the applicant: _____

Date: _____

[Insert member's name]

[If the death benefit is not binding]

Witness: _____ Name: _____

Or

If the death benefit is to be binding The following persons declare that:

- they are 18 years of age or older;
- they are not persons otherwise mentioned in this notice; and
- this form was signed by or on behalf of the member in their presence.

Date: _____ Date: _____

Witness: _____ Witness: _____

Witness name: _____ Witness name: _____

First Notice: The types of death benefit arrangements and the order in which they take effect

The Fund's Deed allows three types of death benefit payment arrangements. They, and the order in which they take effect, are as follows:

- **death benefit agreement** — which binds the trustee and which does not expire, see clauses 97 and 98;
- **binding death benefit notices or binding nomination forms** — which bind the trustee but which expire after 3 years or earlier if replaced or revoked; and
- **non-binding nomination forms** — which do not bind the trustee but which do not expire until replaced or revoked.

Death benefit agreements take priority over binding death benefit notices and non-binding nomination forms.

What you need to consider

When you, as a member, are considering signing a binding death benefit notice or a non-binding nomination form it is important to consider that:

- a death benefit agreement *takes priority* over any binding death benefit notice or any non-binding nomination form;
- to the extent permitted by superannuation law, the trustee must pay or apply the relevant benefit in accordance with the death benefit agreement. Therefore if you sign a binding death benefit notice or a non-binding nomination form, then they will have no effect on any earlier or later death benefit agreement that you sign; and
- if any part of a death benefit agreement is invalid, then the trustee (as required by the Fund's deed) will pay or apply the "invalid" part of the death benefit in accordance with any binding death benefit notice, or by reference to any non-binding nomination form, you have signed.

Second Notice: Consistency of death benefit arrangements with pension terms

It is important to consider how any death benefit nomination or death benefit agreement interacts with the arrangements for payment of a pension to a reversionary beneficiary. The terms of the pension, and the terms of the death benefit nomination or death benefit agreement should be considered together.

For instance, if the pension terms require an automatic reversionary pension, then the death benefit nomination or death benefit agreement has no effect in relation to that pension. If the member wants to ensure all these arrangements – under pension terms, a death benefit nomination or death benefit agreement – are consistent, or to deliberately vary from one to the other, then careful drafting is required and the member should seek professional advice.

Annexure A to Application to become a member

[Here you need to attach the Product Disclosure Statement from Schedule 6.]

Schedule 3 to this deed

Application to become Participating Employer

[Insert name and address, and ACN if applicable, of applicant] applies to become a participating employer in the Burn Notice Super Fund. The applicant agrees to comply with the trust deed.

Signed by the applicant's authorised officer

_____ Date: _____
[Name of authorised officer]

Annexure A to Application to become Participating Employer

[Here you need to attach the Product Disclosure Statement from Schedule 6.]

Schedule 4 to this deed

Application to become an Employer-Sponsor

This Application form is accompanied by the Product Disclosure Statement relevant to the fund contained in Annexure A.

[Insert name and address, and ACN if applicable, of applicant] applies to become an employer-sponsor of the *[name of fund]*. The applicant agrees to comply with the trust deed.

Signed by the applicant's authorised officer

[Name of authorised officer]

Date: _____

Annexure A to Application to become an Employer-Sponsor

[Here you need to attach the Product Disclosure Statement from Schedule 6.]

Schedule 5 to this deed

Application to become a member (if member is a minor)

This Application Form contains your Death Benefit Nomination and undertakings which must be made by you. It is also accompanied by the Product Disclosure Statement relevant to the fund contained in Annexure A.

Part 1 Application and undertakings

- I apply, as the parent or guardian of, and on behalf of, the person listed below (**Applicant**), that the Applicant become an initial member of this fund under the trust deed.
- I make each of the following undertakings:
 - [Either The Applicant is not in an employment relationship with another member. Or The Applicant is not in an employment relationship with another member who is not a relative of the Applicant.]
 - I am not disqualified under superannuation law from being a [Either trustee Or director of the trustee] of the fund.
 - I will comply with the trust deed.
 - Upon request, I will fully disclose in writing any information required by the trustee in respect of the Applicant's my membership of the fund. This includes disclosing:
 - Any circumstance which may lead to the Applicant entering into an employment relationship with any other member of the fund who is not also a relative of the Applicant.
 - That I may become disqualified under superannuation law from being a [Either trustee Or director of the trustee] of the fund.
 - Any information in relation to the Applicant's medical condition.

[If the parent or guardian is NOT also separate member of the fund in their own right, then]

- [Either I will act as a trustee of the fund. Or I will act as a director of the trustee of the fund.]

[If the parent or guardian IS a separate member of the fund, then]

- [Either I am a member of the fund myself and I will act as a trustee of the fund. Or I am a member of the fund myself and will act as a director of the trustee of the fund.]
- I understand the trust deed, particularly its terms concerning the benefits payable under it, and I have read and understood the attached Product Disclosure Statement, annexed and marked 'A'.
- I have read and understand the prescribed information relating to the collection of Tax File Numbers by the trustees of superannuation funds.

In consideration of the Applicant's status as a minor, I have not attached a completed ATO Individual Tax File Number Notification form.

Applicant name [Insert applicant's name]
 Applicant address [Insert applicant's address]
 Applicant occupation [Insert applicant's occupation]
 Date of birth [Insert applicant's date of birth]
 Applicant place of birth [Insert applicant's place of birth]
 Parent or guardian name [Insert parent or guardian's name]
 Parent or guardian address [Insert parent or guardian's address]
 Parent or guardian date of birth [Insert parent or guardian's date of birth]
 Parent or guardian place of birth [Insert parent or guardian's place of birth]

Part 2: Death Benefit: Beneficiary Nomination

If death benefit nomination is to be binding This is a binding death benefit notice. By completing and signing it you are requiring the trustee to provide any benefit payable on or after the Applicant's death to the person or persons you mentioned in this notice, being one or more of the Applicant's dependants or the Applicant's legal personal representative. *Or If death benefit notice is to be non binding* This is a direction to the trustee as to how to apportion any benefit payable on the Applicant's death. It is a non binding death benefit notice and the trustee retains the discretion as to how to apply any benefit payable on the Applicant's death.

[If the beneficiary is the Applicant's legal personal representative only] On behalf of the Applicant, I direct *[Either the trustees Or the directors of the trustee]* that, on the Applicant's death, the Applicant's legal personal representative is to receive 100% of any death benefit that is payable.

[If the beneficiary is another person/s or both the Applicant's legal personal representative and other person/s] On behalf of the Applicant, I direct *[Either the trustees Or the directors of the trustee]* that the person[s] named in the following table *[are/is]* to receive the proportions specified in that table of the benefit that is payable if the Applicant dies.

Person	Relationship to member	Proportion of death benefit
<i>[Insert beneficiary's name. If this beneficiary is the member's legal personal representative, insert "Legal personal representative"]</i>	<i>[Insert beneficiary's relationship to member or if this beneficiary is the member's legal personal representative, insert "Legal personal representative"]</i>	<i>[Insert proportion of the death benefit to be paid to this beneficiary] %</i>
<i>[Add rows to table as required]</i>		

If the death beneficiary nomination is binding (Please note that this beneficiary direction is valid for only 3 years.)

Signed by the parent/guardian: _____

Date: _____

[Insert parent or guardian's name]

[If the death benefit is not binding]

Witness: _____

Name: _____

Or

If the death benefit is to be binding The following persons declare that:

- they are 18 years of age or older;
- they are not persons otherwise mentioned in this notice; and
- this form was signed by or on behalf of the member in their presence.

Date: _____

Date: _____

Witness: _____

Witness: _____

Witness name: _____

Witness name: _____

Witness name: _____

Witness name: _____

First Notice: The types of death benefit arrangements and the order in which they take effect

The Fund's Deed allows three types of death benefit payment arrangements. They, and the order in which they take effect, are as follows:

- **death benefit agreement** — which binds the trustee and which does not expire, see clauses 97 and 98;
- **binding death benefit notices or binding nomination forms** — which bind the trustee but which expire after 3 years or earlier if replaced or revoked; and

- **non-binding nomination forms** — which do not bind the trustee but which do not expire until replaced or revoked.

Death benefit agreements take priority over binding death benefit notices and non-binding nomination forms.

What you need to consider

When you, as a member, are considering signing a binding death benefit notice or a non-binding nomination form it is important to consider that:

- a death benefit agreement *takes priority* over any binding death benefit notice or any non-binding nomination form;
- to the extent permitted by superannuation law, the trustee must pay or apply the relevant benefit in accordance with the death benefit agreement. Therefore if you sign a binding death benefit notice or a non-binding nomination form, then they will have no effect on any earlier or later death benefit agreement that you sign; and
- if any part of a death benefit agreement is invalid, then the trustee (as required by the Fund's deed) will pay or apply the "invalid" part of the death benefit in accordance with any binding death benefit notice, or by reference to any non-binding nomination form, you have signed.

Second Notice: Consistency of death benefit arrangements with pension terms

It is important to consider how any death benefit nomination or death benefit agreement interacts with the arrangements for payment of a pension to a reversionary beneficiary. The terms of the pension, and the terms of the death benefit nomination or death benefit agreement should be considered together.

For instance, if the pension terms require an automatic reversionary pension, then the death benefit nomination or death benefit agreement has no effect in relation to that pension. If the member wants to ensure all these arrangements – under pension terms, a death benefit nomination or death benefit agreement – are consistent, or to deliberately vary from one to the other, then careful drafting is required and the member should seek professional advice.

Annexure A to Application to become a Member (where member is a minor)
[Here you need to attach the Product Disclosure Statement from Schedule 6.]

Schedule 6 to this deed

Form of Product Disclosure Statement

Product Disclosure Statement

Burn Notice Super Fund

[Date]

[Name of member]

[Address of member]

[Contact details of member – PDS may be sent by email, fax or post]

[Name of trustee or trustees]

[Address]

[Contact details]

The details of the Product Disclosure Statement (PDS) start on the next page. Attach that page and the following pages of the PDS to the Member Application form and to any Employer-Sponsor Application form.

Introduction

This PDS contains a summary of the important provisions of the fund's deed and the effects which those provisions may have on you. The *Corporations Act* requires that you be given this PDS within 3 months after you become a member of the fund.

If you have any questions at any time, you should refer those to the trustee. However, the trustee can only provide you with information – so you will need to seek your own legal, accounting and financial advice.

Terms which are capitalised in this PDS are either defined in the fund's deed or are contained in Schedule 1.

You should consider getting professional advice about the fund

Your decision to become a member of the fund is important and involves issues including retirement planning, estate planning, taxation, and social security. The trustee strongly recommends that you consider consulting an appropriately qualified adviser before you decide to become a member or to have contributions made to the fund on your behalf.

This PDS is prepared for your general information only and is not, and is not intended to be, a recommendation to become a member of the fund. This PDS does not take into account your investment objectives, financial situation or retirement planning needs. You should not base a decision whether to become a member solely on the information in this PDS. You need to consider,

and obtain advice on, the suitability of the fund in view of your investment objectives, financial situation and retirement planning needs.

Information about your potential benefits

1 Details of potential lump sum benefits

1.1 On your retirement

On your retirement, you will become entitled to a lump sum benefit, equal to the amount in your Accumulation Account on your retirement. As the definition of retirement in Schedule 1 suggests, there will be some circumstances in which you will become entitled to payment of a retirement benefit while you are still employed or when you retire and have reached the relevant Preservation Age. Your trustee will be able to advise you further in this regard at the relevant time.

1.2 Total and permanent disability

If you become totally and permanently disabled, you may become entitled to a lump sum benefit from your Accumulation Account. Your trustee will be able to advise you further in this regard at the relevant time.

1.3 Temporary total disability

If you become totally disabled temporarily, you may become entitled to payment of a pension or annuity representing the amount:

- decided by the trustee, provided it does not infringe the limit set out in the superannuation law; or
- payable to the trustee under an insurance policy which the trustee may have purchased and which covers the disability you suffer. (Premiums for these insurance policies are generally paid by the trustee from your Accumulation Account but may be paid out of other Accounts of the fund (such as the Income Account)).

On death

On your death, the trustee may choose to or may be required to pay a pension or lump sum benefit from your Accumulation Account and any pension account to the persons named in your 'Death Benefit: Beneficiary Nomination' (which is on your Application for Membership) or to your dependants. The trustee may have also taken out a life insurance policy for you which may also entitle your dependants, or some other person, to a pension or lump sum benefit. Your 'Death Benefit: Beneficiary Nomination' can be binding or non-binding on the trustee (you can choose). Binding nominations need to be renewed every 3 years.

To overcome the requirement to renew binding nominations every 3 years, you can also choose to implement a 'death benefit agreement' under the fund's deed. The form of death benefit agreement is set out in Schedule 7 to the fund's deed.

Your death benefits will also include any residue in a pension account previously established for you, unless the arrangements in respect of that pension are that the pension will revert on your death to a Pension Dependant.

Generally speaking, you should seek professional advice concerning what plans need to be made in respect of your death benefits and what options are available to you.

The Deed provides for:

- **death benefit agreements** (which binds the trustee and which do not expire, see clauses 97 and 98);
- **binding death benefit notices** (which bind the trustee but which expire after 3 years or earlier if replaced or revoked); and
- **non-binding nomination forms** (which do not bind the trustee and which do not expire until replaced or revoked).

Death benefit agreements take priority over binding death benefit notices and non-binding nomination forms.

What you need to consider

When you, as a member, are considering signing a death benefit agreement, a binding death benefit notice or a non-binding nomination form it is important to consider that:

- a death benefit agreement *takes priority* over any binding death benefit notice or any non-binding nomination form;
- to the extent permitted by superannuation law, the trustee must pay or apply the relevant benefit in accordance with the death benefit agreement. Therefore if you sign a binding death benefit notice or a non-binding nomination form, then they will have no effect on any earlier or later death benefit agreement that you sign; and
- if any part of a death benefit agreement is invalid, then the trustee (as required by the fund's deed) will pay or apply the "invalid" part of the death benefit in accordance with any binding death benefit notice, or by reference to any non-binding nomination form, you have signed.

1.5 Other circumstances

'Severe Financial Hardship' – in the case of severe financial hardship, you may be able to apply to have all benefits owing to you, paid to you by the trustee. There are certain conditions to be met and the benefits can only be paid to you to meet expenses in the nature of treatment of life-threatening illnesses, prevention of foreclosure under a mortgage, medical transport costs, palliative care costs and so on.

2 Details of potential income benefits

Income benefits where you retire or reach your preservation age

When you become entitled to payment of a **lump sum benefit**, the trustee may allow you to choose to receive that lump sum in the form of regularly paid income. This is called a pension. The fund can only provide you with an 'account-based pension'.

The rules for an 'account-based pension' include:

- **Minimum annual amount:** a minimum amount of the capital funding the pension must be paid to the pensioner each year. The minimum, which is expressed as a percentage of the capital, is determined by reference to the pensioner's age. You should speak to your adviser about relief from minimum pension payment amounts as the government does provide relief from time to time.
- **No maximum:** there will be no maximum amount that can be paid in a year, reflecting the fact that pensions and lump sums will be taxed in the same way. RBLs do not apply from 1 July 2007.
- **But a maximum for transition to retirement pensions:** pensioners being paid a transition to retirement pension will only be able to be paid a maximum of 10% of the capital per annum.
- **Transfer on death:** on death, the pension may only be transferred to a Pension Dependant or cashed as a lump sum to the pensioner's dependants or estate.

Existing pensions

If this PDS is being provided as a consequence of an update to the fund's existing deed, and the fund is presently paying you a pension, then:

- the pension will be deemed to meet the current rules provided that it was commenced before 20 September 2007 in accordance with the rules that applied at that time;
- if the pension is a complying pension (such as a life pension) then it will only be able to be terminated pursuant to the rules as they were in force before 1 July 2007; and
- if the pension is an allocated pension then it may be transferred to an 'account-based' pension without having to first be commuted.

Social Security Eligibility

Your eligibility for a government age pension is means tested.

The assets test reduces the amount of any aged pension payments to which a member may be eligible. This will give you a part pension, which will reduce to zero once your

assets reach the amount set out in the current asset tables specified by the Government. The current asset tables are available [here](#).

Income benefits where you may not have retired but you have reached your preservation age.

In some circumstances, you may be able to be paid a pension before you actually retire but after you have reached your preservation age. In the fund's deed these are referred to as 'Transition to retirement pensions'.

2.1 Transition to retirement pensions

Once you reach your preservation age you may still be restricted from accessing your superannuation benefits (because, for instance, you may not have retired). However, once you reach your preservation age you may access a non-commutable pension, or what the fund's deed refers to as a transition to retirement pension.

So you may receive an 'account-based' pension as a 'transition to retirement pension', but additional restrictions apply if you want to commute (or cash out) that pension. Essentially the transition to retirement pensions are 'non-commutable' but there are some very limited exceptions. If you are interested in a transition to retirement pension, you should discuss this in detail with the trustee before requesting the payment of such a pension.

3 Taxation of benefits

3.1 Seek advice

This section is general only. You must seek professional advice concerning your own circumstances and how tax will impact on your participation in the fund and on amounts payable to you.

3.2 Benefits paid to you

Superannuation benefits paid to persons **aged less than 60** are taxed as follows:

- **Lump sum benefits** have two components: an exempt component and a taxed component. The exempt component is tax free (it includes amounts such as pre-1983 contributions and undeducted contributions). The taxed component is tax free up to a low rate threshold (initially in 2008-2009 \$145,000, in 2010-2011 \$160,000, in 2011-2012 \$165,000, in 2012-2013 \$175,000, in 2013-2014 \$180,000 and in 2014-2015 \$185,000). After that threshold, it is taxed at 16.5% (incl Medicare levy) — except where the recipient is aged less than 55, in which case the whole taxed component is taxed at 21.5% (incl Medicare levy).
- **Pension benefits** are taxed in a similar manner to lump sums at the moment, though overall tax can be less in some circumstances. Once the recipient turns 60, the pension is tax free.
- **Proportional drawdown:** In both cases, payments are deemed to include both exempt and taxable components, paid in proportion to the amount these components constitute of the recipient's total benefit.

3.3 Death benefits

Benefits paid in the event of your death are taxed as follows:

- **Lump sum benefits** to a member's dependant are tax free, as long as they are also a death benefits dependant as defined in section 302-195 of the ITAA97. Lump sum benefits paid to a dependant (who is not a death benefits dependant for ITAA97 purposes) have the taxable component taxed at 16.5% (incl Medicare levy).
- **Reversionary pensions** are taxed according to the age of the primary and reversionary beneficiaries. If the primary beneficiary was aged 60 or over at the time of death, then the payments to the reversionary will be tax free. If the primary beneficiary was aged less than 60, then the payments will be taxed at the reversionary beneficiary's marginal tax rate until the reversionary turns 60 (then it will be tax-free). However, a reversionary pension will only be payable to a Pension Dependant. Also a pension paid to a Pension Dependant who is a child will have to be cashed to a lump sum when the child turns 25 (unless they're permanently disabled).
- Pensions can only revert to a Pension Dependant: simply being a dependant is not sufficient. Therefore, these benefits must be paid as a lump sum to a dependant or the member's estate.

Information about risks associated with the fund

4 Details of risks: General

The assets of the fund must be invested in accordance with an appropriate investment strategy as devised by the trustee. Although the trustee decides on an investment strategy aimed at increasing the value of the fund's assets, this value can be reduced by movements in the underlying value of the fund's assets, for instances movement in share or property prices. This may mean the value of the assets held in the fund for your benefit, or to pay you a pension, may be reduced. Indeed, if the performance of the fund's assets is very poor, the value of the assets held in the fund for your benefit, or to pay you a pension, may be less than the value of the contributions made to the fund on your behalf. Poor investment performance may also affect the trustee's capacity to make payments to you or to sustain the level of payments made to you. More information about risks associated with the fund borrowing in order to invest are set out under "Investment of fund assets" at paragraph 10 below.

If you choose to receive a pension then the amounts you receive are calculated by reference to the value of the assets in the fund. Therefore, if the value of the assets decreases, there may be a corresponding decrease in benefit or pension amounts payable to you and you effectively bear the risk associated with potentially poor investment performance of those assets. Broadly speaking, 100% of the amount used to fund the pension will be taken into account for the aged pension means test.

Finally, if a benefit payable to you is commuted so that the trustee may purchase:

- an annuity from a third party (such as a life assurance company), then you will have a regular income stream and the associated risk will be born by the third party; or

- an 'account-based' pension from a third party (such as a life assurance company), then the situation is the same as for an 'account-based' pension from the trustee and you effectively bear the risk associated with the variations in the value of the assets which fund the pension.

5 **Regulatory Risk**

The fund is a self-managed superannuation fund regulated by the ATO. As a member, you will also have to be a trustee, or a director of the corporate trustee. These persons are responsible for ensuring the fund complies with all relevant superannuation laws, as enforced by the ATO.

Serious consequences flow if the fund is operated in a manner inconsistent with these rules. The consequences include prosecution by the ATO or a determination by the ATO that the fund is non-complying, with the result that the concessional tax treatment of the fund ends.

You must ensure that you are familiar with, and understand these rules. If you are not confident of this, then you should seek professional advice as to whether you will be in a position to comply with these obligations on joining the fund as a member.

Information about amounts paid to the fund for or by you

6 **Contributions**

If you have an employer, who is an Employer-Sponsor or a Participating Employer of the fund, then they must contribute a certain portion of your income to superannuation. In most cases, you can choose for those contributions to be made to the fund. In this situation, 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 unemployed or self-employed, then you may make contributions to the fund yourself. These contributions are deductible for tax purposes, subject to the caps discussed immediately below.

Alternatively you may make contributions, or another person may make contributions on your behalf.

Superannuation co-contributions

You will be eligible to receive a co-contribution from the Federal Government up to a maximum amount (\$500 in 2013-2014 and 2014-2015) if:

- you make one or more eligible personal super contributions by 30 June of a financial year;
- your total income is less than the prescribed amount (\$48,516 for 2013-2014 and \$49,488 for 2014-2015). Co-contribution income thresholds from previous financial years can be found [here](#);
- 10% of your income is from employment sources, such as an employer or running your own business;
- you are 71 years or younger; and
- you lodge your income tax return.

Tax on concessional contributions: A tax of 15% applies to superannuation contributions by individuals who exceed a high income threshold of \$300,000. Where an individual's adjusted income and low-tax contributions are greater than \$300,000, they may have to pay an extra 15% tax on either of the following amounts, whichever is less:

- excess over the threshold; or
- actual taxable contributions.

This means that:

- if your excess is greater than your taxable contributions, then you will pay the extra 15% tax on all your taxable contributions; alternatively
- if your excess is less than your taxable contributions, then you will pay the extra 15% tax (30% tax in total) on the excess and 15% tax only on the rest of your taxable contributions.

Caps on concessional contributions: This paragraph sets out the cap which applies to concessional contributions. How much you can contribute to your super before having to pay extra tax depends on your age at the end of the financial year:

Financial Year	Concession (General Cap)	Age	Tax on amounts over the cap
2011 – 2012	\$25,000	under 50 years old	31.5%
2012 – 2013	\$25,000	under 50 years old	31.5%
2013 – 2014	\$25,000	under 50 years old	Included in your income tax return and taxed at your marginal rates.
	\$35,000	59 years old or over on 30 June 2013	
2014 – 2015	\$30,000	under 49 years old	
	\$35,000	49 years old or over on 30 June 2014	

There is 15% tax payable by your fund on concessional contributions paid into your superannuation fund (subject to the discussion above about the high income threshold). For 2013-14 and later years, if you exceed your concessional contributions cap the excess contributions are included in your taxable income. You will receive a non-refundable tax offset equal to the 15% tax paid by your fund on this amount. Generally, concessional contributions can only be made by employers or persons who are self-employed.

Caps on non-concessional contributions: This paragraph sets out the caps which apply to non-concessional contributions:

Financial Year	Non-Concession Cap	Tax on amounts over the cap
2011 – 2012	\$150,000	46.5%
2012 – 2013	\$150,000	46.5%
2013 – 2014	\$150,000	46.5%
2014 – 2015	\$180,000	47%

In addition, if you are under 65 and eligible to contribute to super, then you may bring forward two years of contributions and contribute \$450,000 of non-concessional contributions in one year, and not make any contributions for the following two years.

Contributions-splitting

Spouses may split superannuation contributions between them. Contributions-splitting allows members to ask the trustee to transfer certain contributions made after 1 January 2006 (**Splittable contributions**) made in respect of the member to the superannuation fund, or account of that member's spouse.

The contributions splitting applications must be lodged with the fund by 30 June in the financial year.

At present, the split can only take place in respect of splittable contributions made in the previous financial year.

Information about amounts deducted from the fund

7 Debits from your Accumulation and Pension Accounts

The trustee can make deductions from your Accumulation or Pension Accounts to, for example, meet the fund's expenses, to pay taxes (or to set aside for anticipated taxes), to pay for an insurance policy or Annuity premiums or to pay an amount from your Pension Account to your Accumulation Account or vice versa.

Other application of income

The trustee also:

- maintains an income account: This is a general account of the fund and does not relate to a specific member. Amounts such as the income and profits of the fund or proceeds of insurance policies (which the trustee decides not to pay to a member or beneficiary) are paid into this account. From this income account the trustee can make payments to your Accumulation Account, but it may also make deductions from the income account to:
 - pay the expenses of the fund;
 - pay taxes due and payable, or likely to become due and payable;
 - pay costs of insurance policies;
 - meet losses suffered on disposal of an asset of the fund and so on.
- may maintain an Equalisation Account: This is also a general account of the fund. The trustee may decide to pay amounts into this account to:
 - smooth the investment earnings of the fund (that is, to even out years of good growth and performance with years of poor growth and performance);
 - provide for tax liabilities;
 - pay fund expenses;
 - otherwise provide for contingencies of the fund.

The trustee is not permitted to charge fees in relation to the services it provides to the fund.

Other significant information about the fund

9 Preservation Age

Set out below are the Preservation Ages relevant to members of the fund:

- for a person born before 1 July 1960 – 55 years
- for a person born during the year 1 July 1960 to 30 June 1961 – 56 years
- for a person born during the year 1 July 1961 to 30 June 1962 – 57 years
- for a person born during the year 1 July 1962 to 30 June 1963 – 58 years
- for a person born during the year 1 July 1963 to 30 June 1964 – 59 years
- for a person born after 30 June 1964 – 60 years.

10 Investment of fund assets

The trustee is permitted to make a wide range of investments provided that they accord with the trustee's investment strategy. The trustee is required to establish an investment strategy or strategies, outlining how the assets of the fund will be invested. The trustee can alter the strategy or strategies provided they remain appropriate. If the trustee offers more than one strategy, you may choose the appropriate strategy but you cannot choose the investments the trustee is to make within the strategy.

The trustee cannot loan money from the fund to a member or a member's relative.

The trustee may borrow money to make any investment — but only in restricted circumstances. In such cases:

- the only fund asset that may be used as security for the borrowing is the asset that the fund is acquiring with the borrowed money;
- the asset acquired must be an asset which the fund could ordinarily and lawfully acquire (for example, the fund is prohibited from acquiring assets which do not satisfy the sole purpose test in section 62 of the SIS Act – this stays the same even though the fund is borrowing to acquire the asset);
- the terms on which the asset is acquired must meet strict requirements set out in superannuation law.

The risks associated with any investment (as described generally under "Details of risks: General" at paragraph 4 above) increase when made using borrowed money. You should always obtain professional advice before making any such investment.

The trustee is required to hold money and other assets of the fund separately from those which it holds personally.

When preparing statements of the fund's financial position, the fund's operating statement or any other account or statement required by the SIS Act or the SIS Regulations, the trustee is required to value the fund's assets at their market value. Market value has the same meaning as in the SIS Act.

11 Valuation of fund assets

The Trustee will ensure that the fund's assets are valued at their market value. Market value has the same meaning as in the SIS Act.

12 Taxation

12.1 Income of the fund

For tax purposes, the fund's income is divided into 2 components:

- **Special Component:** which includes the fund's special income (income such as private company distributions, non arms-length income, trust distributions), reduced by tax deductions relating to that special income.
- **Standard Component:** which is the total of all fund income, less the Special Component.

The Standard Component is taxed at the concessional rate of 15% in the hands of the trustee. The Special Component is taxed at the rate of 45%.

12.2 **Pension earnings**

Generally, while you are alive the fund will not have to pay income tax on income or capital gains attributable to the assets in your pension account.

12.3 **Contributions**

Contributions to the fund (made by your employer, yourself, your spouse, etc) are generally treated as contributions of capital and will not be included in the fund's Income. However, if the person making a contribution is entitled to a tax deduction in relation to that contribution, then the contribution will usually be treated as fund Income and will be taxed as outlined in paragraph 12.1 above.

Information about the deductibility of contributions is in paragraph 6 above.

12.4 **Surcharge on High Income Earners**

With effect from 1 July 2005 the superannuation contributions surcharge was abolished in respect of all contributions made **on or after 1 July 2005**. However it still applies to contributions made before that date. From 1 July 2012 the arrangements in respect of a high income threshold of \$300,000 apply (see discussion at paragraph 6).

12.5 **Low Income Spouse Offset**

If a person makes a contribution on behalf of a member who is their low income (or no income) spouse, the person making the contribution may be entitled to a tax offset.

A member who makes a contribution can get the full tax rebate if:

- they contribute at least \$3,000 to their spouse's account; and
- their spouse's assessable income is less than \$10,800 for the financial year.

If you contribute less than \$3,000, the tax offset will be equivalent to 18% of your contributions. If your spouse's income is higher than \$10,800, the tax offset reduces until it cuts out when your spouse's income reaches \$13,800.

Examples of how to calculate the offset can be found [here](#).

13 Insurance

As part of its investment strategy, the trustee will consider whether to hold a contract of insurance that provides insurance cover for one or more members of the fund.

14 The fund deed

The fund deed is written in plain English. Provisions that are not relevant to the particular fund of which you are a member have been excluded. For example, if individuals are trustees of the fund, then all provisions relevant to a company being a trustee of the fund have been removed. Therefore, if a company is later appointed as trustee, the fund deed will have to be varied to include the relevant provisions.

You should read the trust deed and seek professional advice if you do not understand it.

15 Other considerations concerning investments made by the fund

The trustee is required to inform you of whether labour standards or environmental, social or ethical considerations are, or will be, taken into account when the trustee selects, retains or realises an investment. At this stage, the trustee does not take any such considerations into account. However, the trustee is obviously free to incorporate this into its investment strategy if it sees fit.

16 Contacting the trustee for additional information

If at any time you require further information including information concerning the fund, the fund deed, the fund's performance or your rights as a member, you can contact the trustee using the contact details at the beginning of this PDS.