

# PRODUCT DISCLOSURE STATEMENT

**Name of Superannuation Fund:** MUMSY'S SUPER FUND  
**Date of Notice:** 08/03/2010  
**Name of Member:** FIONA LOUISE HERRON  
**Address of Member:** 14 GILDOR STREET  
BOONDALL QLD 4034

This Product Disclosure Statement (PDS) is provided to the member by the trustee of the fund in compliance with the provisions of Part 7.9 of the Corporations Act (as amended).

Provision of this PDS is not an admission by the trustee of any requirement to do so. This PDS is provided to all members of the fund.

This PDS is provided to you as a member, and not in your capacity as trustee, joint trustee or director of a corporate trustee of the fund. If you are a trustee (or a director of the corporate trustee) of the fund, you ought to seek independent advice as to your rights, responsibilities and obligations in this capacity.

## CONTACT DETAILS

The contact details of the fund are determined by the trustee/s of the fund from time to time. The fund may be contacted at the address listed above.

## BENEFITS

The benefits available to a member are set out in detail in the trust deed. With the agreement of the trustee/s, you may be able to access the various pensions and retirement benefits set forth in the deed, upon retirement. These include, lifetime pensions, allocated pensions, life expectancy pensions and market linked pensions. For further information on the limitations and benefits available to self managed superannuation funds (SMSF s) please consult your accountant or financial advisor.

You may also be able to invest in and consequently access disability pensions and life insurance.

You should consult with your fund manager, accountant or financial advisor prior to investing in the fund and prior to making an election as to your benefit or pension, to ensure that the fund remains compliant. There are also taxation and liability implications that must be considered.

You may elect to nominate beneficiaries to take your benefits upon your death. This may be done by:

1. Electing in your application for membership – This election will not be binding upon the trustee, but is certainly persuasive;
2. Executing a Binding Nomination – This election is, as it suggests, binding upon the fund. To be binding, the nomination must take a certain form and be executed in compliance with regulations. If you are unsure whether a binding nomination is appropriate, please consult your fund manager, accountant or financial advisor. It is important to note that this type of nomination remain valid for a period of only 3 years and therefore a new Binding Nomination must be provided to the trustee every 3 years.

## **RISK**

SMSF s are accumulation funds. The trustees of the fund may invest all or any of the contributions to the fund. You should be aware, however, that there are limitations on the types of investments that may be made by the trustees of the funds, particularly where investments are made with or to parties related to either the trustees or the members of the fund. If you are unsure whether the trustees investments are compliant, you should seek independent advice.

As a natural consequence of allowing the trustees independence to invest the contributions to the fund, there is an inherent risk that the fund will accumulate losses from time to time. If you wish to take some responsibility for the control of the investments of the trust, it will be necessary for you to become a trustee. In most cases, if you are over the age of 18 years of age it is a requirement of the SIS Act that you, in case where the sole and primary purpose of the fund is the provision of old-age pensions, are a trustee of the fund or in the case where the trustee of the fund must be a constitutional corporation that you are a director of the corporate trustee.

To control the risk associated with independent investments, you should seek professional advice and assistance.

## **COST OF ACQUISITION AND ADMINISTRATION**

The trustees will govern the costs associated with the fund, including the price for membership and administration and the proportion to each member. These costs are variable. The trustees will keep the members informed of these costs as necessary.

## **COMMISSIONS & PAYMENTS**

There are no commissions or other benefits or payments payable to the trustees of the fund by reason of the issue of your membership.

Commissions or other payments may be payable to advisors to the fund as disclosed to and approved by the trustees of the fund.

## **DISPUTE RESOLUTION**

It is not envisaged that dispute resolution will be required by a SMSF and accordingly, no provision has been made for this process.

## **SIGNIFICANT TAXATION ISSUES**

The trustees are required to make an election/determination each financial year as to how any taxation liability is to be allocated to each member. This determination must be reasonable having regard to the rights of all members.

Currently, SMSF s are liable to pay 15% tax on net taxable income whilst they remain in accumulation. Net taxable capital gains of a SMSF are taxed at 10%.

Depending on each members individual circumstances, contributions made and personal taxable income for any given financial year, superannuation contribution surcharge tax may be levied upon a member. Liability for a surcharge will be payable by the member charged and may be deducted from their allocation account.

Income and capital gains from the fund will be exempt from tax, to the extent that the assets of the fund are considered to be supporting pensions. Tax will still be payable for continuing accumulations and reserves. The trustees will determine the amount of tax to be deducted from the balance of your member's accumulation account, taking into account what is reasonable having regard to these factors.

It is not intended to provide members with any advice with respect to personal taxation or taxation of SMSF s generally. This is a most complex area of taxation and all members and trustees are recommended to seek professional advice from their advisors and how to maximise their benefits and arrange their affairs to comply with taxation requirements.

## **COOLING-OFF PERIOD**

There is a fourteen (14) day cooling-off period from the date you are issued with membership of the fund, during which time you may cancel your membership of the fund.

## **INSURANCE**

The trustees are not obliged to arrange for life insurance or other insurances on your behalf. The trustees may invest in life insurance and other insurances on your behalf. You should note, however, that there is no requirement for the trustees to do so. You should ensure that your requirements in this regard are attended to by the trustees.

## **ALTERNATIVES**

There are various alternative superannuation funds, pensions and investments that you may wish to consider, prior to committing to membership of the fund. Some of these include the following

1. *Public Offer Entity*– A public offer superannuation is basically a superannuation fund, which conducts at least some of its business by issuing interests to the public or which elects to be treated as a public offer fund.

The trustee of a public offer fund must satisfy certain capital adequacy requirements and must be an approved trustee.

2. *Small APRA Fund*– Small APRA funds are similar in nature to SMSF s, in that they may be utilised where membership is to be less than 5. The difference being that small APRA funds are managed by an independent trustee, who must meet certain criteria. These funds provide for similar flexibility to SMSF s and may be utilised where members are unable to be trustees for themselves.
3. *Public Sector Fund*– There are 3 main types of public sector funds, being:
  - " Employer sponsored funds, established for the benefit of employees of the sponsoring employer;
  - " Productivity (or industry) funds, established for the purposes of an industrial agreement or award;
  - " Personal Superannuation funds.

## OTHER DOCUMENTS

Where the fund is a pre-existing fund and you are joining as a member, or where you are an existing member and are commencing to take your benefit in the form of a pension, you will find the following documents annexed to this PDS:

- The fund's investment strategy; and
- The last financial statements prepared in respect of the fund.

I have read and understood this Product Disclosure Statement, prior to signing my Application for Membership:-



FIONA LOUISE HERRON

Dated: 08/03/2010