

23 January 2018

Reference: 119977080

The Trustees
Schoonenberg Superannuation Fund
c/o Clear Accounting Solutions
Suite 3 153 Cotlew Street
ASHMORE QLD 4214

Dear Trustees,

SECTION 295.390 ACTUARY'S CERTIFICATE OF EXEMPT INCOME

This certificate has been prepared for the Trustees of Schoonenberg Superannuation Fund to certify the exempt current pension income proportion in accordance with section 295.390 of the Income Tax Assessment Act (ITAA) 1997 for the 2016/17 financial year.

I hereby certify that the proportion of the applicable income of Schoonenberg Superannuation Fund for the year ending 30 June 2017 that should be exempt from income tax is: **97.044%**

The weighted average proportions for each Fund member are provided below:

Member name	Josephus Schoonenberg	Marianne Schoonenberg
Tax exempt %	17.919%	79.125%
Taxable %	1.087%	1.869%

Further details of my calculation and the information on which it is based are contained in the appendices and covering email. These form part of my report and should be read in their entirety.

- ◆ Appendix A: Information used to calculate the exempt income proportion
- ◆ Appendix B: Exempt current pension income result and adequacy opinion
- ◆ Appendix C: Exempt current pension income proportion methodology

I confirm that this actuarial certificate has been prepared in accordance with Guidance Note 451 issued by the Institute of Actuaries of Australia and other relevant professional standards and guidance notes.

Yours sincerely,

**Doug McBirnie**, B.Sc. (Hons), FIA, FIAA

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Appendix A – Information used to calculate the exempt income proportion

This certificate has been prepared at the request of, and based on data supplied by, Clear Accounting Solutions on behalf of the Trustees for the 2016/17 financial year. A summary of the data supplied to us for the purpose of calculating the exempt income proportion is provided below:

Name of fund: Schoonenberg Superannuation Fund
Fund ABN: 16034911728
Trustees: Marianne Schoonenberg
Josephus Schoonenberg

Member name	Josephus Schoonenberg	Marianne Schoonenberg
Date of birth	25 Feb 1947	03 Jan 1955
Member exit in year	14 Feb 2017	No

The aggregate operating statement information is:

Assets available at 1 July 2016	\$2,303,404
Plus	
Non-concessional contributions	\$144,000
Concessional contributions	\$35,000
Transfers in from other funds	\$0
Less	
Accumulation account withdrawals	\$0
Pension payments and withdrawals	\$1,378,846
Equals	
Balance before income and expenses	\$1,103,558
Preliminary net income	(\$1,1903,558)
Gross assets available at year end (before tax)	\$0

In addition to relying on the data provided to us, we have made the following assumptions when completing this actuarial certificate:

- ◆ Member One withdrew their entire fund balance on 14 February and exited the fund on the same date.

This superannuation fund contains only accumulation and account-based type income stream benefits (commonly referred to as pensions). These include allocated pensions, market linked pensions, and account-based income streams (including transition to retirement pensions). Based on the information provided, this superannuation fund contains no other types of income stream benefits such as defined benefits in growth or pension phase.

The calculation also assumes that the data supplied to us excludes all superannuation liabilities supported by segregated current pension assets and segregated non-current assets. To the extent that they relate to segregated current pension assets, we have assumed that any liabilities relating to periods during the income year where the fund's only superannuation liabilities were in respect of account based type superannuation income streams have been excluded from the data supplied to us.

Appendix B – Exempt current pension income result and adequacy opinion

Exempt current pension income proportion

Where a fund contains unsegregated pension assets the trustees are required by section 295.390 of the ITAA 1997 to obtain an actuary's certificate prior to lodgement of the fund's income tax return in order to claim an exemption from income tax.

The proportion of the applicable income of the Fund for the year ending 30 June 2017 that should be exempt from income tax is: **97.044%**

Within the requirements of legislation and the Fund's Trust Deed and Rules, the Trustees may have discretion about how income and expenses are allocated at the member level. Please note that, unless otherwise stated, we have not checked the terms of the Fund's Trust Deed and Rules. One fair and reasonable method of apportioning these items between the member accounts at year end is to use a daily weighted average of the account balances for each member. The calculation of the exempt proportion provides this weighted average for each member and is provided below:

Member name	Josephus Schoonenberg	Marianne Schoonenberg
Tax exempt %	17.919%	79.125%
Taxable %	1.087%	1.869%

Calculating the fund's exempt current pension income for the purpose of your tax return

Ordinary income and statutory income that a complying superannuation fund earns from assets held to provide for pension benefits is exempt from income tax. This is referred to as exempt current pension income (ECPI).

The exempt proportion is applied to net ordinary assessable income including net capital gains, and excluding assessable contributions, non-arm's length income and income derived from any segregated assets.

Exempt current pension income is calculated as:

$$\text{Income} * \text{ECPI proportion} + \text{Income on any segregated current pension assets}$$

Unutilised capital losses (except capital losses on segregated current pension assets) can be carried forward until they can be offset against assessable capital gains.

Adequacy opinion

By definition, the liabilities of an account-based income stream, in the absence of any unusual terms or guarantees, are equal to the value of the assets backing it. As such, I am satisfied that the amount of the assets at the end of the year, if accumulated together with the Fund's future earnings and contributions, will provide the amount required to discharge in full the liabilities as they fall due. No recommendation is needed with regard to future contributions.

Methodology

Under section 295.390 of the ITAA 1997 the tax exempt proportion is calculated for the unsegregated pool of assets in the Fund for the year of income as:

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

By definition, the value of the current pension liability at a particular time in respect of an account-based type pension is the value of the individual pension account. The value of the superannuation liabilities at a particular time is taken to be the account balances of all members and reserves at the relevant date. The average values above have been determined using a daily weighted average calculation which takes into account relevant information such as:

- ◆ the opening balances of each member's accumulation and pension accounts and any reserves;
- ◆ the size and timing of any pension commencements and commutations during the financial year;
- ◆ the size and timing of contributions, pension payments, withdrawals and transfers in to the Fund made during the financial year; and
- ◆ the contributions tax payable on concessional contributions.

Unless otherwise stated, all member transactions including pension commencements and commutations are assumed to occur immediately at the start of each day.

The tax exempt proportion is the total average pension assets divided by total average Fund assets. This gives the average proportion of assets in the SMSF which were backing pension during the financial year, and therefore the proportion of net ordinary assessable income which is exempt from income tax.

Since the fund design consists only of accumulation and account-based pension accounts, no specific assumption has been made (or is needed) regarding rates of return on the Fund's assets; pension increases; or the liability calculation discount rate. No adjustment to the rate of the pension has been assumed other than that it will comply with Superannuation Industry Supervision (SIS) regulation requirements for allocated pensions, market linked pensions and/or account-based income streams.

Minimum pension standards

It was confirmed upon submission of the data for this report that all assets shown as supporting superannuation income streams are eligible for an exemption from income tax by virtue of having met the minimum pension standards for the financial year. Please note that, unless otherwise stated, we have not checked that these minimum pension standards have been met.

The standards for account-based income streams include a requirement for a minimum amount to be paid to the member over the year depending on the member's age, opening account balance and date of commencement. Where the minimum pension standards are not met the earnings on the assets supporting that income stream may not be eligible for an exemption from income tax and the tax exempt proportion shown in this certificate may not be correct.