

Dr Robert George Zubeshaw  
58 Panorama Place  
MOUNT GRAVATT EAST QLD 4122

30 June 2015

The Trustees  
Zube Superannuation Fund  
PO BOX 3107  
NORMAN PARK QLD 4170

Dear Trustees

**REQUEST TO COMMENCE A TRANSITION TO RETIREMENT INCOME STREAM**

Please accept this as notification that as of 1 July 2015, I wish to commence a Transition to Retirement Income Stream as allowed in accordance with regulations 1.06(9A) and 1.07D of the Superannuation Industry (Supervision) Regulations 1994 (the Regulations).

I confirm that I have satisfied the following condition of release:

- I have obtained my preservation age

I understand that under the Regulations, I am required to draw a minimum pension based on my age and account balance at the start of each financial year.

I wish to commence the pension using my entire account balance.

Yours faithfully



**Robert George Zubeshaw**

1 July 2015

Dr Robert George Zubeshaw  
58 Panorama Place  
MOUNT GRAVATT EAST QLD 4122

Dear Robert

We acknowledge receipt of your request to commence a Transition to Retirement Income Stream as provided for under regulations 1.06(9A) and 1.07D of the Superannuation Industry (Supervision) Regulations 1994 (the Regulations). The Trust Deed and governing rules of the Fund have been reviewed and it has been determined under Rule No. 48, of the Deed, the pension may be paid in accordance with the Regulations.

Please note the following procedures that will be adopted:

1. Determine the balance of your Member account that will be used to establish your pension.
2. Review the investment strategy to determine that it is appropriate to administer the liquidity of the pension assets and to make sure there is substantial cash flow to Fund the minimum annual pension withdrawal required. If it is not then a new strategy will be completed.
3. Calculate the annual minimum and maximum pension payment required to be withdrawn from your pension account before 30 June 2016.
4. Calculate the tax free component of your pension account.
5. Provide you with a pension statement.
6. We will seek your written acceptance of the terms and conditions and Product Disclosure Statement.
7. Commence a separate pension account from which your pension will be drawn.
8. Commence pension payments.

In accordance with the Regulations, your minimum pension payments will be determined by your age. The current minimum payment factors are set out in the table below:

Age	Standard Minimum % withdrawal (After 30 June 2012)	Standard Maximum % withdrawal (TRIS)
Under 65	4%	10%
65-74	5%	10%
75-79	6%	10%
80-84	7%	10%
85-89	9%	10%
90-94	11%	10%
95 or more	14%	10%

Yours sincerely



Robert George Zubeshaw  
Director of  
Orchard Road (QLD.) Pty Ltd



Asmira Zubeshaw  
Director of  
Orchard Road (QLD.) Pty Ltd

**Zube Superannuation Fund**  
**Minutes of Meeting of Directors**  
**Of Orchard Road (QLD.) Pty Ltd**

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**Held at:** 58 Panorama Place  
MOUNT GRAVATT EAST QLD 4122  
AUSTRALIA

**Held on:** 1 July 2015

**Present:** Robert George Zubeshaw  
Asmira Zubeshaw

**Minutes:** The minutes of the previous Trustee meeting were read and confirmed.

**Transition to Retirement Income Stream:** The Trustee has received a request from Robert George Zubeshaw to commence a Transition to Retirement Income Stream with his accumulation member benefits as provided for under regulations 1.06(9A) and 1.07D of the Superannuation Industry (Supervision) Regulations 1994 (the Regulations).

The Trustee has reviewed the Trust Deed and confirmed that the payments can be paid under Rule No. 48 of the Trust Deed of the Zube Superannuation Fund.

It was **UNANIMOUSLY RESOLVED** to accept the request from Robert George Zubeshaw to commence a Transition to Retirement Income Stream and advise him accordingly.

**Segregation of Pension Assets:** It was **UNANIMOUSLY RESOLVED** not to segregate the assets supporting the pension. Pursuant to the Regulations and Tax laws an actuarial certificate will be required for the Fund. This certificate is to be obtained after the end of the financial year.

**Documentation Required:** It was **UNANIMOUSLY RESOLVED** to instruct the Fund's administrator, BDO (QLD) Pty Ltd, to prepare all necessary documentation to commence the Transition to Retirement Income Stream, including supplying the terms and conditions and Product Disclosure Statement to Robert George Zubeshaw.

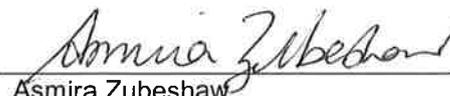
**Investment Strategy:** It was **UNANIMOUSLY RESOLVED** that the Fund's current investment strategy will be reviewed, to ensure the Fund liquidity meets future pension payments.

**Closure:** There being no further business the meeting was declared closed.

***Signed as a true and correct record***



Robert George Zubeshaw  
Director of  
Orchard Road (QLD.) Pty Ltd



Asmira Zubeshaw  
Director of  
Orchard Road (QLD.) Pty Ltd

# ZUBE SUPERANNUATION FUND

## Transition to Retirement Income Stream

### Terms and Conditions

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Date of commencement: 1 July 2015

Member Name: **Robert George Zubeshaw**

#### 1. Introduction

- 1.1 The member of the Zube Superannuation Fund (the "Fund") wishes to commence a Transition to Retirement Income Stream (the "pension")
- 1.2 The Trustee intends that the pension should be maintained as a pension for the purposes of the *Superannuation Industry (Supervision) Act 1993 ("SIS Act") and its Regulations 1994 ("SIS Regulations")*.
- 1.3 This document sets out the terms and conditions under which the Trustee will pay the pension to the member in order to comply with 1.2 and the Trust Deed and governing rules of the Fund.
- 1.4 By signing this document the member confirms their acceptance of the terms and conditions of the pension

#### 2. Terms and Conditions

- 2.1 The pension commencement amount may not be increased by any contributions or rollovers after the pension has commenced. The pension commencement amount is the amount of assets or initial capital set aside to the member's pension account as at the commencement date to support the pension.
- 2.2 There must be at least one pension payment made each and every financial year to the member, except where the commencement date of the pension is on or after 1 June in a particular year.
- 2.3 The total pension payments made in a financial year must be equal to or greater than the minimum amount calculated in accordance with the SIS Regulations taking into account the member's age and pension account balance at the beginning of that financial year.
- 2.4 The maximum total pension payment in any one year is limited to 10% of the member's pension account balance at the commencement date, or pension account balance at 1 July in each subsequent financial year.
- 2.5 The pension may only be transferred to another person (called a reversionary beneficiary) on death of the member or the reversionary beneficiary as the case may be.
- 2.6 Upon death of the member:
  - (i) the pension can be transferred to a person who is eligible, pursuant to the SIS Regulations to be paid a pension; or
  - (ii) the remaining balance of the pension account may be paid as a lump sum to a dependant or to the estate of the deceased member.
- 2.7 Subject to the superannuation and taxation laws prevailing at the time and provided that the Fund's Trust Deed and governing rules allow it, the Trustee may continue to pay the pension to the estate of the deceased member upon death until such time the Trustee is able to disburse the remaining balance in the member's pension account.
- 2.8 The underlying capital of the pension and any income from it can not be used as security for any borrowings by the member.
- 2.9 Where a pension is being paid as a "Transition to Retirement Income Stream" then it cannot be commuted into a lump sum payment until the member satisfies a condition of release, prescribed by the SIS Regulations, such as retirement, turning age 65, becoming permanently disabled or death.

### 3. Member's Acknowledgement

I acknowledge the terms and conditions of the pension and agree to:

- 3.1 be bound by these terms and conditions;
- 3.2 provide information to the Trustee when and as required;
  - (i) to facilitate the payment of the pension;
  - (ii) that may impact upon the payment of the pension;
  - (iii) regarding any change of personal circumstances that may impact upon the payment or reversion of the pension;
- 3.3 notify the Trustee within a reasonable period of time of any request to
  - (i) transfer the pension from this Fund to another complying regulated superannuation fund;
  - (ii) alter the terms and conditions of the pension subject to the Fund's Trust Deed governing rules and relevant superannuation laws;
- 3.4 to make no further claim on the Trustee in respect of the amount of any pension payments made to me.



**Robert George Zubeshaw**

Date: 1 July 2015

# Product Disclosure Statement

Issued to Robert George Zubeshaw

Issued by Orchard Road (QLD.) Pty Ltd as Trustee for Zube Superannuation Fund

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The *Corporations Act 2001* requires, in part, that the “issuer” of a “financial product” - which includes a “superannuation interest” - must provide members with a Product Disclosure Statement (PDS) to assist the member to decide whether to use the product. In the case of a self managed superannuation fund (‘SMSF’ or ‘a Fund’) the “issuer” is the Trustee of the SMSF. The PDS must be provided “at or before” the time the member decides to use the product.

Moving from accumulation phase to pension phase within a SMSF is considered to be issuing a new “superannuation interest” – the Trustees therefore need to provide the member changing to pension phase with a PDS setting out the significant benefits, risks, features and costs relating to the superannuation interest.

## Pension Entitlements

When benefits are paid from a SMSF it must be in accordance with the Superannuation Industry (Supervision) Act 1993 (SISA) and the Superannuation Industry (Supervision) Regulations 1994 (SISR).

A member is entitled to be paid an income stream, also known as a pension, from the Fund once they satisfy a condition of release. These might include attaining preservation age of 55, for those born before 1 July 1960, and up to age 60 for those born after this date. Other conditions of release include:

- Retirement
- Attaining age 65 or more
- Permanent incapacity
- Temporary incapacity
- Attaining preservation age (transition to retirement)

## The Account Based Pension

An account based pension refers to a pension where an account balance is attributable to the member. That is, the amount supporting the pension must be allocated to a separate account for each member.

The Trustee must pay a minimum amount each year to a member from that member’s pension account. The minimum amount is calculated by multiplying the member’s pension account balance by a percentage factor determined by the members’ age as set out in the following table. The amount is rounded to the nearest 10 whole dollars.

The following table shows the relevant percentage factor based on the member’s age at 1 July each year.

Age	Standard Minimum % withdrawal (After 30 June 2012)	Standard Maximum % withdrawal (TRIS)
Under 65	4%	10%
65-74	5%	10%
75-79	6%	10%
80-84	7%	10%
85-89	9%	10%
90-94	11%	10%
95 or more	14%	10%

Other requirements that must be included in the terms and conditions of the pension include:

- you cannot increase the capital supporting the pension using contributions or rollover amounts once the pension has started;
- the pension is able to be converted into a lump sum subject to special rules applying for transition to retirement pensions – see below;
- You cannot use the capital value of the pension nor the income from it as security for borrowing;
- Upon death of the member the pension can be transferred to a dependant\* as a reversionary pension or the balance of the pension account may be cashed and paid as a lump sum to a dependant or to the deceased estate of the member.

\* Dependants

A dependant is defined under the taxation legislation as being:

- a spouse or de facto spouse;
- a former spouse or de facto;
- a child of the deceased member under 18 years of age;
- any person who relied on the deceased member for financial maintenance at the time of their death, or
- any person who lived with the deceased member in a close personal relationship where one or both of them provided financial and domestic support and personal care ('interdependency relationship').

An adult child of the deceased member can be still entitled to receive a superannuation benefit; however there may be taxation consequences from receipt of the payment. Any person who does not fall into one of the above categories is classified as a non-dependant for superannuation death benefit purposes.

Where the member dies their estate or dependants may receive the remaining account balance as a lump sum, a pension or a combination of both. However there are restrictions on which dependants can receive a pension or reversionary pension (i.e. limited to spouses/de facto and children under 18 years of age).

Please note that if these rules are not adhered to then the Trustee could be in breach of the superannuation laws and this could cause the Fund to become non-complying.

### **Transition to Retirement Income Stream**

The transition to retirement measure allows people who have reached their preservation age, to have access to their superannuation benefits without having to retire or leave their job. This measure allows people to access their superannuation savings by drawing down certain non-commutable superannuation income streams called transition to retirement income streams.

The transition to retirement pension operates with two additional terms and conditions:

- the pension can not be taken as a lump sum until the member meets a further condition of release;
- the maximum pension payment in any one year is 10% of the members account balance.

### **Taxation of Pensions**

#### **1. Taxation of Pension Assets in the Fund**

The taxable income of a Fund excludes any income or capital gains earned on assets that are being used by the Trustee to provide pensions. If the Fund has a pension account and an accumulation account then an actuarial certificate is required each financial year to determine the tax free component.

## 2. Taxation of Pension Benefits to a Member

If the member is aged 60 or older then the pension payments and any lump sum withdrawal are tax-free. The Trustee is not required to report the pension payment to the Australian Taxation Office (you are not required to include these payments in your income tax return).

If the member is under the age of 60 part of your pension payment may be tax free (tax-free component, generally consisting of un-deducted or non-concessional personal contributions), and the balance will be taxable. The taxable component of your pension payments are tax at your marginal rate plus Medicare levy. You will also be eligible for a 15% tax offset.

The tax free component and the taxable component should be determined for the total of the member's benefit in the Fund and then applied proportionally to the member's pension account at the time of pension commencement.

The tax free component includes:

- personal un-deducted contributions made after 30 June 1983
- pre-July '83 component
- small business CGT exempt proceeds
- post-June 1994 invalidity component

Tax free benefits received are not required to be included in a person's income tax return.

It is important to keep track of the tax free and taxable components of a member's pension, even if the income stream is not taxable. Upon death of a pension member it is important if paying out death benefits to a non-dependant (within the meaning of the Tax Act).

The following table summarises the tax treatment applicable to the taxed element of the taxable component of benefits received by members from 1 July 2007. The Medicare levy is also payable on top of any rate.

Age of Member	Lump Sum	Pension
Age 60 or over	Tax Free	Tax Free
Preservation age up to age 59	0% up to low rate cap of \$140,000 (2007/2008 starting threshold & indexed thereafter)	Marginal income tax rates with a 15% tax rebate

## 3. Taxation of Superannuation Death Benefits

The taxation treatment of a superannuation death benefit is determined by several factors including if the payment is made to dependants, the ages of the deceased member and their dependants, whether the payment was made as a lump sum or pension, and the underlying components of the deceased member's superannuation benefit.

Generally, the deceased member's underlying 'tax-free component' will not be subject to tax regardless if the superannuation death benefit is paid a dependant or non-dependant.

If the superannuation death benefit is being paid as a pension, the following taxation treatment would apply:

Age of Member/Dependant	Tax Applicable to the Pension
Both the deceased member <u>and</u> dependant are under age 60	Tax-free component - Nil % Taxable component – taxed at normal marginal tax rates of the dependant (but 15% tax offset can be claimed)
Either the deceased member <u>or</u> dependant are age 60 or over	Nil % on either component

As a general rule, if the superannuation death benefit is paid as a lump sum to a dependant (excluding adult children), it will be tax-free to them upon receipt. Lump sum payments made to adult children and other recipients would be subject the following taxation treatment:

Beneficiary	Tax Applicable to the Lump Sum
Adult children of the deceased member, and other recipients deemed eligible	Tax-free component - Nil % Taxable component – taxed at 17% (includes Medicare Levy)

### Fees and Associated Costs

There can be fees and associated costs in commencing a pension within the Fund, for example:

- Direct fees may include:
  - obtaining advice around the commencement of the pension;
  - the documenting the establishment of the pension;
  - annual minimum and maximum pension level calculations; and
  - reporting the pension to the Australian Taxation Office via the Pay-As-You-Go (PAYG) taxation system.
- Other associated costs may include:
  - Administering the additional member accounts when preparing the Fund’s annual financial reports;
  - Actuarial fees to enable the Fund to claim certain income and capital gains as tax-exempt;
  - Investment management and brokers costs for restructuring the Fund’s investment profile and maintaining an adequate level of liquidity to pay the pension.

### Questions and More Information

Superannuation is always evolving and can be a complex area to master. As a member of the Fund you are entitled to obtain information about any aspect of the Fund and its operations. If you have any questions regarding your superannuation benefits, the pension’s terms and conditions or PDS, please contact the Trustee of the Fund.

Alternatively, please feel free to contact your accountant or advisor.

### Member Acknowledgment

I acknowledge that I have read the product disclosure statement issued to me by the Trustee of the Zube Superannuation Fund in relation to the commencement of a pension for myself to be paid from the Zube Superannuation Fund.



Robert George Zubeshaw

Date: 1 July 2015