

PRODUCT DISCLOSURE STATEMENT

Spring Camellia Superfund

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To obtain a copy of this statement and a copy of any document that is applied, adopted or incorporated by this statement you may telephone the Trustee whose number is below.

Telephone Number

(The Trustee must insert their relevant telephone number here.)

Issued by the Trustee on:

PRODUCT DISCLOSURE STATEMENT (PDS)

This PDS is a summary of significant information and contains a number of references to important information. You should consider this information before making a decision about the product.

The material relating to your SMSF may change between the time when you read this Statement and the day when you sign the application form for membership.

The information provided in the Product Disclosure Statement is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Accordingly, this document should not be relied on as advice.

1. ABOUT YOUR SELF-MANAGED SUPERANNUATION FUND (SMSF)

Superannuation is to provide you with income for your retirement.

Your SMSF is established by the Trustee and the initial Member(s) signing a trust deed and contributions being paid to the Trustee who then invests that money as part of your super to provide retirement benefits to you.

For your Fund to be a SMSF it must meet several requirements. The requirements can vary depending on whether your Fund has individual Trustees or a corporate Trustee.

If your Fund has individual Trustees, the following must apply:

- it has no more than six members;
- each Member is a Trustee and each Trustee is a Member;
- no Member is an employee of another Member, unless they are relatives of one another; and
- no Trustee is paid for their duties or services as a Trustee.

If your Fund has a corporate Trustee, the following must apply:

- It has no more than six members;
- each Member of the Fund is a director of the corporate Trustee;
- each director of the corporate Trustee is a Member of the Fund;
- no Member is an employee of another Member, unless they are relatives of one another;
- the Trustee is not paid for its services as a Trustee; and
- no director of the corporate Trustee is paid for their duties or services as director in relation to the Fund.

Single Member Funds: If you have a corporate Trustee of a single Member Fund, the Member needs to be one of the following:

- the sole director of the corporate Trustee;
- one of only two directors, where the Member is;
 - a relative to the other director; or
 - not an employee of the other director.

A single Member Fund can also have two individuals as Trustees. The Member must be one of the individual trustees, and the Member and other trustee are relatives, or the Member is not an employee of the other trustee.

See paragraph 17A (6) of the *Superannuation Industry (Supervision) Act 1993* (“**SIS Act**”) and regulation 1.04AA of the *Superannuation Industry (Supervision) Regulations 1994* (“**SIS Regulations**”) for an extended definition of “employee”.

If a Member is under 18, they cannot be a Trustee and special rules apply.

If you are a new trustee or newly appointed director of a corporate trustee, you need to sign the Trustee Declaration within 21 days of your appointment to show that you understand your duties as a trustee of an SMSF. To obtain a copy of the Trustee declaration (NAT 71089) see the ATO website. Professional advice should be sought in relation to the succession to the trusteeship of the Fund in the event of your death or your inability to continue to act as trustee or director of a corporate trustee.

Investments are made by the Trustee and are pooled with contributions made to the Fund in respect of any other Members.

A SMSF Trustee is ultimately responsible for running your SMSF. It is important that the Trustee understands the duties, responsibilities and obligations of being a Trustee or director of a corporate Trustee.

Members can, generally speaking, withdraw their investment in a superannuation fund (called a “Benefit”) when they retire after reaching preservation age (see below). Generally, benefits can also be paid if a Member dies or becomes totally and permanently disabled or if they are entitled to a transition to retirement pension. This means that you should only invest in superannuation money you can afford to put away until later.

2. HOW SUPER WORKS

Superannuation is a means of saving for retirement which is, in part, compulsory.

There are different types of contributions that may be paid to the Trustee of the Fund. For example, employer contributions, voluntary contributions by you and government co-contributions. Before you make any contributions, you should speak to your professional advisers to ensure that you do not breach any contribution caps or transfer limits. There may be taxation consequences or other sanctions if you breach these caps. More information can be found on the ATO website.

There are limitations on contributions to, and withdrawals from, superannuation. More information on these limitations can be found on the ATO’s website.

Tax savings are provided by the Government.

Most people have the right to choose into which Fund their employer should direct their superannuation guarantee contributions which are currently 9.5% of your ordinary earnings.

Withdrawing Benefits

Benefits are generally for your retirement and normally cannot be paid out in cash unless you meet a condition of release.

A condition of release includes but not limited to reaching preservation age when a transition-to-retirement income stream may be commenced, retiring after reaching preservation age, death, permanent incapacity, attaining age 65 years, terminal illness and severe financial hardship. Benefits cashed before they are unrestricted non-preserved will not be taxed concessional and will be taxed at your marginal tax rate.

Any contributions made on or from 1 July 1999 are preserved benefits. Neither preserved, nor restricted non-preserved benefits may be accessed until a condition of release has been satisfied. Preserved benefits may be cashed voluntarily only if a condition of release is met and subject to any cashing restrictions by the condition of release. Cashing restrictions tell you what form the benefits must be taken. Benefits in the Fund when all the conditions of release are met are called unrestricted non-preserved benefits. Generally, only unrestricted non-preserved benefits can be cashed by you from the Fund.

Your preservation age is worked out from the table below:

Birth Date	Preservation Age
Born before 01/07/1960	55
Born 01/07/1960 to 30/06/1961	56
Born 01/07/1961 to 30/06/1962	57
Born 01/07/1962 to 30/06/1963	58
Born 01/07/1963 to 30/06/1964	59
Born on or after 01/07/1964	60

When you are entitled to receive your benefit, it may be paid as a lump sum or pension or a combination.

Generally, the amount that can be paid is the amount in your member account less tax. A licensed financial adviser can advise in relation to the net amount of your benefits that can be accessed.

Where your benefit is being paid as a pension, the Trustee may pay your benefit by any type of income stream permissible including account-based pensions. Transition to retirement pensions may be paid if you have not retired, however, there are limitations and conditions.

You may transfer your investment in the Fund to another complying superannuation fund or retirement savings account at any time.

If you die, your death benefit will be paid by the Trustee to your estate or your dependants as the Trustee decides. If you sign and give to the Trustees, a valid binding death benefit nomination, it will be paid as you nominate. If you sign a non-binding death benefit nomination, it will be taken into account by the Trustees, but the Trustees will have the final decision. The provisions of the SIS Act regarding the lapsing of a binding death benefit nomination after three years do not apply to self-managed superannuation funds. You should regularly review your binding death benefit nomination especially when there is a change in your family circumstances. You should also obtain professional advice before making any death benefit nomination.

If you were receiving a pension on your death that included a reversionary beneficiary, then the pension may continue to be paid to that dependant provided they are entitled to receive it under the superannuation laws. These persons are generally your spouse, de facto spouse, or child provided they are under age 18 or aged 18 to 24 and were 'financially dependant' on you, or a person with whom you were in an interdependency relationship (see regulation 1.04AAAA SIS Regulations), at the time of your death. Otherwise generally the death benefit will be paid as a lump sum except in the case of a dependant who is disabled as defined under the Disability Services Act 1986. If you wish to nominate a reversionary beneficiary to a pension, you must obtain professional advice. Documentation will be necessary. Your pension and death benefit nomination should not conflict.

3. BENEFITS OF INVESTING IN A SELF-MANAGED SUPER FUND

This paragraph covers the SMSF in respect of which you have been given an application for Membership so that you may become a Member of the Fund.

The Fund's significant features and benefits are:

- As a Member and also a Trustee or director of the corporate Trustee, you may have more control over investments and greater flexibility by comparison with being a Member of an industry fund or a retail fund that is not a SMSF where you would not be a Trustee and where you may usually have general investment options only.
- Fees may be lower; however, this will depend usually upon where the funds are invested and the costs of running the SMSF.
- SMSFs may perform better than industry and retail funds. The Trustee may be able to make quick changes to the investment portfolio if investment conditions change.
- A SMSF may have greater flexibility in establishing and managing pensions. It may give you the ability to transfer personally owned listed securities and business real property directly into the Fund. It has the ability to own business real property that may, in appropriate circumstances and conditions in superannuation law, be rented for your business.
- A SMSF may be able to borrow money to purchase real estate or shares where the security is limited to the single asset being acquired, subject to certain conditions in superannuation law.
- A SMSF has estate planning benefits by allowing family members to combine their assets in the Fund to grow for retirement.
- The SMSF provides retirement benefits usually in the form of lump sums or pensions and may provide income streams as a transition to your retirement.

4. RISKS OF SUPER

Benefits are not guaranteed and are dependent generally on investment returns.

All investments carry risk.

Different strategies may carry different levels of risk, depending on the assets that make up the strategy.

Assets with the highest long-term returns may also carry the highest level of short-term risk.

The significant risks of SMSF investment are in summary:

- (a) the value of investments will vary;
- (b) the level of returns will vary, and future returns may differ from past returns;
- (c) returns are not guaranteed, and you may lose some or all of your money;
- (d) superannuation laws may change in the future including caps (limits) on how much may be contributed to the fund, and how much of the fund may be tax free;
- (e) the amount of your future superannuation savings (including contributions and returns) may not be enough to provide adequately for your retirement;
- (f) the level of risk for you will vary depending on a range of factors, including:
 - (i) age;
 - (ii) investment time frames;
 - (iii) where your other wealth is invested; and
 - (iv) your risk tolerance.

Other significant risks of joining a SMSF are in summary:

- (a) There is a risk of theft or fraud and there is no insurance that will cover you for theft or fraud.
- (b) Costs associated with running a SMSF with smaller account balances (for example less than \$200,000) can be significant and uncompetitive compared with other available super options.
- (c) Rates of tax on superannuation contributions and benefits may increase.
- (d) If the Fund has a variety of transactions and types of investments, the costs can be relatively higher than a public super fund due to their economies of scale.
- (e) If you have money in a fund now and plan to transfer that money to this Fund then, if you have existing life insurance in that fund, you may not be able to obtain life insurance at comparable rates outside the Fund or inside it.

- (f) You usually cannot access a super benefit payment from your SMSF until you reach your retirement age. You may be able to access pension payments when you reach preservation age subject to superannuation and tax laws. If you make voluntary contributions, you should ensure you will not need the money until you are able to meet a condition of release.

If the Trustee fails to comply with the superannuation and tax laws, which are complex, penalties may apply, and your super may be reduced or fail to perform as well as it should. Additional tax may be payable from your super or by you. The ATO may take action that may include:

- (a) education directions;
- (b) enforceable undertakings;
- (c) rectification directions;
- (d) administrative penalties;
- (e) disqualifying a trustee;
- (f) imposing civil and criminal penalties;
- (g) allowing the Fund to wind up;
- (h) issuing notices of non-compliance; and/or
- (i) freezing the Fund's assets.

More information can be obtained from the ATO website and from your professional adviser.

5. HOW THE TRUSTEE WILL INVEST YOUR MONEY

The Trustee of the SMSF will invest your money. The rules of the Fund permit a very broad range of investments and no particular investment option is offered. The Trustee must determine an investment strategy and should obtain professional advice for that purpose. The investment strategy must be reviewed regularly and revised if necessary and the Trustee must consider whether a contract of insurance, Insuring a Member should be held by the Trustees.

Once the investment strategy is determined, investments must be made in accordance with that strategy. Professional advice should be sought to determine particular investments.

You, as a Member, are not required to determine how super is invested, however, as a Trustee, or a director of a corporate Trustee you must do so. If you as a Member do not request the Trustee to invest in a particular manner the Trustee will invest as the Trustee sees fit and in accordance with the Fund's investment strategy. It may be possible to have a separate investment strategy relating to your own interest in the Fund.

You should be aware that superannuation legislation imposes some strict limitations on the type of assets that can be invested in or acquired. Breaches of these laws can lead to severe penalties.

If you need help about investing generally, speak to a licensed financial adviser.

WARNING

You must consider:

- (a) The likely investment return; and**
 - (b) The risk; and**
 - (c) Your investment timeframe**
- when investing.**

Labour standards or environmental, social or ethical considerations are not taken into account in the selection, retention or realisation of investments relating to this Fund unless these have been added at paragraph 10.

If the Fund has been previously operating and a new member is to be admitted, the Trustee must also attach to this PDS, statements and information that a new member could reasonably require to decide whether to join the Fund. This would include and is not limited to, the Fund's financial statements, its investment strategy or strategies and any other information that may be material to a decision to join the Fund.

6. FEES AND COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100 000 to \$80 000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

Your employer may be able to negotiate to pay lower administration fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

As there are no investment options set out in the rules of the SMSF there are no costs or fees detailed here with respect to investment options.

Initial set-up costs will include the costs of the trust deed and initial documentation. As a Trustee or as a director of a corporate Trustee, you will be aware of the costs for your Fund. The Trustees will also need accounting and relevant professional advice. You will be aware of these initial costs as you are a Trustee or a director of a corporate Trustee.

There will also be annual ongoing costs (which are likely to increase each year) such as the ATO supervisory levy of \$259 yearly costs for existing funds from 1 July 2018) accountancy fees to prepare financial accounts, audit fees, preparation and lodgement of annual taxation returns, tax advice and transaction costs on brokerage.

No fees and costs are charged by the Trustee for its services, however, where others are engaged to carry out work, such as accountants, financial planners and solicitors (and commissions on investments) then those costs are payable by the Trustee from the Fund and are usually debited to member accounts on a proportionate basis unless, for example, a particular amount is payable owing to a particular investment that has been made as requested by a particular member and for that member only.

Fees and costs of investments are available from the Trustee when an investment has been determined. They are usually set out in a PDS relating to the proposed investment.

WARNING

Additional fees may be paid to a financial adviser if a financial adviser is consulted.

If a financial adviser is consulted, please refer to the Statement of Advice given to the Trustee in which details of the fees applicable should be set out.

7. HOW SUPER IS TAXED

The ATO website has information on the taxation of superannuation. A brief summary of significant tax information is set out below, however, you should always seek taxation advice from a professional adviser. The Trustee is generally responsible for paying or withholding tax to the ATO.

Tax on Contributions

When a contribution is made that is tax deductible (a concessional contribution) to the contributor, who may for example be you (if you are self-employed) or your employer (if you are an employee) then tax at 15% is payable from your Member account by the Trustees and this is usually paid quarterly to the ATO and will be included as assessable income of the SMSF.

Division 293 tax is an additional tax on super contributions which reduces the tax concession for individuals whose combined income and contributions are greater than the Division 293 threshold, which as from 1 July 2017 is \$250,000. It is charged at an additional 15% i.e. a total of 30% on the tax deductible contributions.

Tax on Excess Contributions

WARNING

There will be taxation consequences if the contribution caps applicable to superannuation are exceeded. Professional advice should be obtained by you before contributing to the Fund.

Contribution caps are legal maximum limits on the amount of contributions that may be made by you and others for you that are taxed at a lower rate.

Contributions in excess of the respective caps may be taxed at higher rates. The amount of tax you pay on the excess amount depends on which cap you exceed. There may be other requirements or penalties imposed by the ATO if you exceed these limits.

Tax on Fund Earnings

When the Fund earns income on its investments it must pay tax to the ATO. The rate is usually a maximum rate of 15% on these earnings and your account will be debited with the tax on the earnings on your interest in the Fund. These are usually paid quarterly and annually as appropriate by the Trustee from your Member account. If you commence certain types of pensions, tax may or may not be payable on the investment income arising from assets used to support a pension depending on a number of different factors. Professional advice should be obtained.

Tax on Withdrawal of Benefits

If you withdraw money from the Fund as a lump sum or a pension, the amount may be tax free or tax may be payable.

To determine if your super withdrawal will be taxed, you need to know:

- Your preservation age and the age you will be when you get the payment;
- Whether the money in your super account is tax-free or taxable; and
- Whether you will receive the payment as an income stream or lump sum.

Super money that is tax-free when withdrawn is known as the 'tax-free component' of your super. Super money that is taxable when withdrawn is known as the 'taxable component' of your super.

The taxable component may consist of a taxed element and/or an untaxed element, depending on whether the benefit is paid from a taxed or untaxed source. Your super fund can tell you how much of the money in your super account is tax-free or taxable; and professional advice should be obtained.

Whether the money in your super account is tax-free or taxable when you withdraw it generally depends on the type of contributions that have been made and whether tax has been paid on it.

Non-concessional (after-tax) contributions, those made from your income after you paid tax on your income, are tax-free when withdrawn from your super account. Generally, personal contributions that you made from your after-tax income, unless you have claimed a tax deduction for them, are part of the tax-free component of super.

Concessional (before-tax) contributions, those made from your income before you paid tax on your income, are taxable when withdrawn from your super account. These types of contributions include:

- the super contributions that your employer must make for you;
- money that you salary sacrifice into super;
- super contributions that you were allowed to claim a tax deduction for.

For comprehensive tax tables, see the ATO website or obtain professional advice.

Tax File Number

WARNING

You must provide your tax file number to the Trustee as part of joining the self-managed superannuation fund.

If a Member does not give their TFN to the Trustee: -

- the Trustee cannot accept any Member contributions or contributions made by your spouse on your behalf without your TFN;
- any Member entitled to superannuation co-contributions may miss out; and
- the Trustee will have to pay additional income tax (called "TFN contributions tax") on some types of contributions made on that Member's behalf;
- the Trustee must return all Member contributions to the person or entity who paid them within 30 days of becoming aware that the Trustee should not have accepted those contributions unless it receives the TFN within that time period.

8. INSURANCE IN YOUR SUPER

Speak to the Trustee if you desire insurance and the Trustee should seek professional advice. The Trustee may offer and effect insurance for Members. If insurance is offered, the details are below.

(If nothing is added below, the Trustee does not intend to offer insurance to Members.)

9. HOW TO OPEN AN ACCOUNT

You join the fund by signing the application for membership and giving that to the Trustee. Contributions must be paid to the Trustee to commence your membership. There is no cooling-off period applicable to joining the Fund.

You may make a complaint in writing or verbally to the Trustee whose contact details are shown on this PDS. Redress is via the Courts if the issue cannot be resolved.

10. LABOUR STANDARDS, ENVIRONMENTAL, SOCIAL OR ETHICAL CONSIDERATIONS

The Trustee will inform you if labour standards or environmental, social or ethical considerations are or will be taken into account when the Trustee selects, retains or realises an investment. **Unless you are notified otherwise, the Trustee does not take any such considerations into account, however, the Trustee may incorporate those things into their investment strategy.**

(If nothing is added here, these are not taken into account – see paragraph 5.)