

The form you completed to generate this document gave you the ability to add new members to the Fund or replace the Trustee (appoint new trustees in situations where a corporate trustee is to be replaced by the Fund members or another corporate trustee, or the Fund members are to be replaced by a corporate trustee).

This document:

- (a) evidences one or more trustees resigning;
- (b) evidences the appointment of one or more trustees;

Each Self Managed Superannuation Fund (SMSF) is different and there may be clauses in your Fund Deed that need to be considered before you move forward and sign this Deed. Your Deed may have particular clauses dealing with procedures for the replacement of the Trustee, new members joining the Fund (you cannot have more than four members), or varying the terms of the Fund. We have not seen your Deed and therefor cannot advise whether this document is suitable for the purpose you intend it to be.

Specifically, please consider the following comments:

- (1) Every SMSF will have a clause that deals with the procedure to replace the trustee. If you are replacing the Trustee, you will have to read this clause and insert the clause number into page one of this Deed. This clause may have specific requirements or procedures that need to be followed. Please read that clause carefully and if necessary, contact us to discuss any issues that you may feel need to be addressed.
- (2) If members are joining the Fund, please ensure that in total there are **no more than four members**.

Please note that only certain people can be trustees of a SMSF. Minors (people less than eighteen) are considered to be under a legal disability and are unable to be trustees of a SMSF. A parent or guardian can be a trustee (or a director of a corporate trustee) in place of a Member, if the Member is a minor without a legal personal representative. There are other circumstances that will disqualify a person from being a trustee. For a complete review of these, please see the Superannuation Trustees Survival Kit.

POTENTIAL LIABILITY OF THE TRUSTEE(S)

A trustee's liability may arise from any of:

- (a) a breach of fiduciary duty, including breach of the terms of the trust deed;
- (b) the Superannuation Industry (Supervision) Act (SIS) or the Corporations Act 2001, or
- (c) fraud, dishonesty or wrongdoing of the trustee's officers, employees or agents.

Depending on the nature of the wrongdoing, the trustee's liability could be **civil or criminal**. Although most trustee liability is civil there are certain actions undertaken by a trustee that may have criminal consequences under SIS and the Corporations Act. Legislation in all jurisdictions permit a court to excuse a trustee who has committed a breach of trust, if that trustee has acted honestly and reasonably and ought fairly to be excused.

A director of a corporate trustee may be personally liable if they have been 'involved in' a contravention under SIS or the Corporations Act or, for matters falling outside SIS, if the trustee company has committed a breach of trust and the director knowingly or recklessly assists in or procures the breach of trust.

A trustee or a director of a corporate trustee must seek advice prior to their appointment regarding the duties and obligations that fall on the shoulders of a trustee or director.

Despite personal liability arising, a trustee (and its directors, if a corporate trustee) may be able to be indemnified in one of three ways:

- (a) at common law, a trustee generally has a right to be indemnified out of the fund's assets for costs and expenses properly incurred in the operation of the trust and permitted under the trust deed;
- (b) pursuant to the Fund's deed, however both SIS and the Corporations Act place limits on the extent of indemnification; or
- (c) pursuant to an insurance policy (for certain liabilities). You will need to speak with your financial adviser/accountant regarding this.

If your Fund has two or more Members **all Members of the Fund need to be** either trustees of the Fund or directors of the Trustee company.

If your Fund has only one Member, the Member **cannot be the only trustee and the only Member**. Accordingly, the Member can be one of two trustees (the other being a relative of the Member). Please note that in this scenario, the Member cannot be an employee of the other trustee.

Alternatively, if the SMSF only has one Member, the trustee of the SMSF may be a corporate trustee. To be a complying SMSF the Member can be either the sole director of the trustee company or, if there are two directors of the corporate trustee, the Member must be related to the other director. Again, the Member cannot be an employee of the other director of the trustee company.

Stamp Duty

This Deed of Variation will need to be lodged for an assessment of stamp duty. Certain jurisdictions will also require an original copy of the Superannuation Fund to also be lodged.

IF YOU ARE UNSURE AS TO THE MEANING OF ANY ASPECT OF THIS DOCUMENT, PLEASE CONTACT US IMMEDIATELY.

Remember, please read this Deed. It is not just a piece of paper. It is an important document.

At worst, you may use this document as a draft. If you require amendments just contact us and we will arrange for the necessary changes to be made. These changes may, depending on what is required, may attract additional fees.

DEED OF VARIATION

OLSSON SUPERANNUATION FUND



GKM & ASSOCIATES PTY LTD
PO Box 181, Runaway Bay QLD 4216
Ph 07 5537 3711 Fax 07 5537 5933
Web: www.gkm.com.au
Email: gkm@gkm.com.au

OLSSON SUPERANNUATION FUND

PARTICULARS

FUND NAME: **OLSSON SUPERANNUATION FUND**

DATE OF TRUST DEED: 28 JUNE 1979

DATE OF SUBSEQUENT AMENDMENTS (IF ANY) TO THE TRUST DEED: 30 JUNE 1992, 8 APRIL 2008

EFFECTIVE DATE OF THIS DEED: the date appearing on the signature page of this Deed

VARIATION (OF DEED) CLAUSE: clause 12.01

CURRENT TRUSTEE: **GEOFFREY VIVIAN OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509
MAREE ELIZABETH OLSSON of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509
DAVID MARCUS OLSSON of 4 PETA STREET, KALLANGUR, QLD 4503
HELEN OLSSON of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509

RESIGNING TRUSTEE: **HELEN OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509

NEW TRUSTEE(S): **ANDREW CHARLES OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509

MEMBERS: **GEOFFREY VIVIAN OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509
MAREE ELIZABETH OLSSON of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509
DAVID MARCUS OLSSON of 4 PETA STREET, KALLANGUR, QLD 4503
HELEN OLSSON of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509
NO LONGER A MEMBER

NEW MEMBER(S): **ANDREW CHARLES OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509

BACKGROUND:

- (A) By the Trust Deed, the Fund was established for the benefit of the members of the Fund.
- (B) The Current Trustees are the trustees of the Fund.
- (C) The Members are all the members of the Fund.
- (D) The New Member wishes to become a member of the Fund.
- (E) The Trustees have received Application Forms for each New Member to become a member of the Fund and have accepted the New Member as a member of the Fund as from the Effective Date.
- (F) The New Member has consented to their appointment as Trustees of the Fund as from the Effective Date.
- (G) This Deed is required (pursuant to the terms of the Trust Deed) to be executed by the parties to evidence the resignation and/or appointment of a new Trustee of the Fund.
- (H) The following Members have given notice to the Trustees of their intention to leave the Fund and resign as a Trustee of the Fund:
 - HELEN OLSSON
- (I) This Deed is required (pursuant to the terms of the Trust Deed) to be executed by the parties to evidence the resignation of a Trustee of the Fund.

AGREEMENT OF THE PARTIES:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed unless inconsistent with the context or subject matter the following terms shall have the meanings set out below:

Beneficiary means a person presently and absolutely entitled to receive a Benefit at the relevant time by reason of the membership of another person;

Benefit means any amount paid or payable by the Fund to or in respect of a Member or Beneficiary whether as a Lump Sum or Pension or otherwise in accordance with this Deed;

Effective Date means the date of this Deed;

the Fund means the Superannuation Trust Fund known as OLSSON SUPERANNUATION FUND established pursuant to the Trust Deed;

Lump Sum means the amount of Benefit, other than a Pension, payable to or in respect of a Member;

Members means each of the Members that are detailed in the Particulars;

New Member means the New Member more specifically detailed in the Particulars;

New Trustee(s) means the New Trustee(s) specified in the Particulars;

party or parties means a party or parties to this Deed;

Pension means an income stream and includes a pension or annuity permitted by the Requirements;

Regulator means the Australian Taxation Office;

Resigning Trustee means the parties resigning as a Trustee as specified in the Particulars, if any;

SIS means the Superannuation Industry (Supervision) Act 1993;

SIS Regulations means the Superannuation Industry (Supervision) Regulations 1994;

Trust Deed means the deed dated 28 JUNE 1979 and amended by Deeds dated 30 JUNE 1992, 8 APRIL 2008 and signed by the Trustees that established the Superannuation Trust Fund called OLSSON SUPERANNUATION FUND;

Trustee means the trustee for the time being of the Fund appointed in accordance with the provisions of the Trust Deed. Immediately prior to the Effective Date, the Trustee(s) of the Fund was that party/those parties specified as such in the Particulars;

1.2 Interpretation

In this Deed, unless the context otherwise requires:

- (a) clause headings shall not affect the construction of this Deed and references to clauses and paragraphs are to be construed as references to the same in this Deed;
- (b) a reference to any Act of a Parliament shall include the regulations, rules, orders and by-laws made under such Act and a reference to any Act of a Parliament shall include a reference to any amendment, re-enactment, modification, variation or extension thereof or statutory provision substituted therefor;
- (c) references to any agreement, document or other instrument shall be deemed to include references to the agreement, document or other instrument as varied, supplemented or replaced from time to time as permitted by this Deed;
- (d) every covenant or provision expressed or implied in this Deed by which more persons than one covenant or agree shall bind such persons and every two or more of them jointly and each of them severally, and every covenant or provision expressed or implied in this Deed which applies to more persons than one shall apply to such persons and every two or more of them jointly and each of them severally;
- (e) words and expressions importing the singular number shall include the plural number and vice versa, words and expressions importing natural persons shall include any company, corporation or other body corporate, partnership, joint venture, association, trust, unincorporated association or any government or semi-government authority, agency or instrumentality of whatsoever nature or kind and howsoever named or called and vice versa;
- (f) a reference to any party shall mean and include their personal representatives, successors in title and permitted assigns respectively;
- (g) reference to an amount of money is a reference to the amount in the lawful currency of Australia;
- (h) where a word or phrase is given a definite meaning in this Deed a part of speech or other grammatical form for that word or phrase has a corresponding meaning;
- (i) reference to a time and date concerning the performance of an obligation by a party is a reference to the time and date in Queensland even though the obligation is to be performed elsewhere;
- (j) where the day on or by which anything is to be done is a Saturday, a Sunday or a public holiday in the place in which that thing is to be done, then that thing will be done on the next succeeding business day.
- (k) This Deed shall be governed by and construed in accordance with the laws in force in Queensland and the parties agree to submit to the jurisdiction of the Courts of Queensland and of all courts competent to hear appeals from those Courts in relation to any legal action, suit or proceeding arising out of or with respect to this Deed.
- (l) This Deed may be executed in any number of counterparts each of which is an original and all of which constitute one and the same instrument. A facsimile copy of this Deed constitutes a **counterpart** for the purposes of this clause.

2. NEW MEMBERS

- 2.1 In accordance with the provisions of the Trust Deed, the Trustees have accepted the Application forms lodged with the Trustee by the New Members to become members of the Fund. As from the Effective Date, the New Members are members of the Fund.
- 2.2 The New Members have consented to their appointment as Trustees of the Fund as from the Effective Date.
- 2.3 The New Members acknowledge that they have received a copy of the Fund's Product Disclosure Statement.

3. NEW TRUSTEE

- 3.1 In accordance with the provisions of the Trust Deed, the Trustees appoint the New Trustee as Trustee of the Fund to undertake and to assume, as from the Effective Date the trusts, powers, duties and obligations conferred by the Trust Deed upon the trustee of the Fund as if the New Trustees were a party to the Trust Deed.
- 3.2 The New Trustee agrees that as from the Effective Date, to be bound by and observe and administer the trusts, powers, discretions and obligations conferred by the Trust Deed as if the New Trustee was named in the Trust Deed as an original trustee.
- 3.3 The New Trustee covenants to:

- (a) carry out the duties and obligations of a trustee as required by the Trust Deed and by law and will not knowingly commit a breach of trust; and
- (b) do all acts and things and execute all documents as may be necessary to give effect to this Deed.

4. RESIGNING TRUSTEE

- 4.1 The Resigning Trustee hereby resigns as trustee of the Fund effective from the Effective Date.
- 4.2 In accordance with the provisions of the Trust Deed, the Trustees and the Members hereby ratify and confirm that such resignation is to be effective as from the Effective Date.
- 4.3 On and from the Effective Date, the Resigning Trustee is discharged from further performance of its obligations and duties as trustee of the Fund.
- 4.4 The Resigning Trustee is to give notice in writing to each person or entity owing moneys to the Resigning Trustee as trustee of the Fund and do all such things as may be necessary for the assignment to the Trustees of the Fund of any debt or chose in action. The Resigning Trustee must do all things and sign all documents necessary to perfect the title of the Trustees of the Fund to all assets of the Fund.
- 4.5 The Trustees indemnify the Resigning Trustee against all debts which the Resigning Trustee has incurred and which are unpaid at the time of execution of this Deed by all parties, while acting in accordance with the terms of the Trust Deed and undertakes and agrees that the Trustees of the Fund will pay and discharge all such debts out of the assets of the Fund in accordance with the terms of credit or otherwise under which such debts were incurred.

5. AMENDED TRUST DEED

- 5.1 Except as specified in this Deed, the interests of the Members in the Fund shall remain unchanged by this Deed.
- 5.2 The Trustee wishes to confirm that as from the Effective Date the following will cease to be Members (and directors of the corporate trustee or individual trustees of the Fund, which ever may be relevant):
 - (a) HELEN OLSSON
- 5.3 A person ceases to be a Member when:
 - (a) all Benefits which are or may be payable for the Member have been paid whether to the Member, a Beneficiary or to a rollover fund; or
 - (b) the Member's entitlement to Benefits is terminated; or
 - (c) the Member dies.

6. GENERAL

- 6.1 The parties must give notice to all relevant people (including but not limited to tenants, lessees, managing agents, or others in order that any rents or other income to be received in respect of Fund property) of the appointment of the New Trustees.
- 6.2 Each party to this Deed undertakes that it shall upon request, sign, execute and do all deeds, acts, documents and things as may reasonably be required by any other party to carry out and give full force and legal effect to the terms and intentions of this Deed.

7. ACKNOWLEDGEMENTS

- 7.1 The parties acknowledge and declare as follows:
 - (a) the Fund is one and the same Fund and is a continuing fund having commenced as set out in the Trust Deed;
 - (b) it is not the intent of the parties that there will be any change to the assets of the Fund effected by this Deed;
 - (c) it is not the intent of the parties that there will be any change to the membership of the Fund, except as specified in this Deed;
 - (d) the consent of the Regulator is not required for the variation effected by this Deed.

EXECUTED AS A DEED on the 7TH day of AUGUST, 2013

Signed by **GEOFFREY VIVIAN OLSSON**
in their capacity as a Trustee
in the presence of:

Geoffrey Olsson

Witness Name:

MAREE OLSSON

Witness Signature:

Maree E. Olsson

Signed by **MAREE ELIZABETH OLSSON**
in their capacity as a Trustee
in the presence of:

Maree E. Olsson

Witness Name:

GEOFFREY OLSSON

Witness Signature:

Geoffrey Olsson

Signed by **DAVID MARCUS OLSSON**
in their capacity as a Trustee
in the presence of:

David Olsson

Witness Name:

GEOFFREY OLSSON

Witness Signature:

Geoffrey Olsson

Signed by **HELEN OLSSON**
in their capacity as a Trustee
in the presence of:

helen olsson

Witness Name:

MAREE OLSSON

Witness Signature:

Maree E. Olsson

Signed by **ANDREW CHARLES OLSSON**
in their capacity as a New Member in the presence of:

Andrew Olsson

Witness Name:

MAREE OLSSON

Witness Signature:

Maree E. Olsson

Signed by **ANDREW CHARLES OLSSON**
in their capacity as a New Trustee in the presence of:

Andrew Olsson

Witness Name:

MAREE OLSSON

Witness Signature:

Maree E. Olsson

Signed by **GEOFFREY VIVIAN OLSSON**
in their capacity as a Member
in the presence of:

Geoffrey Olsson

Witness Name:

MAREE OLSSON

Witness Signature:

Maree E. Olsson

Signed by **MAREE ELIZABETH OLSSON**
in their capacity as a Member
in the presence of:

Maree E. Olsson

Witness Name:

GEOFFREY OLSSON

Witness Signature:

Geoffrey Olsson

Signed by **DAVID MARCUS OLSSON**
in their capacity as a Member
in the presence of:

David Olsson

Witness Name:

GEOFFREY OLSSON

Witness Signature:

Geoffrey Olsson

Signed by **HELEN OLSSON**
in their capacity as a resigning Trustee and former
Member
in the presence of:

Helen Olsson

Witness Name:

MAREE OLSSON

Witness Signature:

Maree E. Olsson

**STATEMENT BY TRUSTEE OR DIRECTOR,
COMPANY SECRETARY OR EXECUTIVE OFFICER OF A CORPORATE TRUSTEE**

OF

OLSSON SUPERANNUATION FUND

(the Fund)

- (1) In accordance with section 118 of the Superannuation Industry (Supervision) Act 1993 (Cth) (SIS)
I, **ANDREW CHARLES OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509 hereby

place a cross in the correct box

[X] consent to act as a trustee of **OLSSON SUPERANNUATION FUND**

[_] consent to act as director/secretary of the trustee company of **OLSSON SUPERANNUATION FUND**

- (2) In accordance with section 121 of SIS, I declare that I am not a disqualified person in that:
- (a) I have never been convicted of an offence of dishonesty in Australia or any other country.
 - (b) No civil penalty order under SIS exists or has been made in respect of me.
 - (c) I am not an insolvent under administration under the Bankruptcy Act 1966 (Cth) or the law of a foreign country.
 - (d) I have not at any time been convicted of an offence relating to the management of a corporation under the Corporations Law or convicted of an offence involving serious fraud.
 - (e) Where the trustee is a company, a receiver, official manager or provisional liquidator has not been appointed to the company, nor is the company being wound up.

DATE:

07 / 08 /2013

Signature:



ANDREW CHARLES OLSSON

APPLICATION FOR MEMBERSHIP

OLSSON SUPERANNUATION FUND

CONFIDENTIAL

I, **ANDREW CHARLES OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509 apply for admission to membership of the Fund. I state I am eligible to be admitted as a member of the Fund (and if the Fund is a self managed fund to be appointed a Trustee or a director of a corporate Trustee). I agree:

- (1) To be bound by the Trust Deed governing the Fund as it is or may be varied from time to time (and state I understand the terms and conditions of the Trust Deed, including the benefits payable, my rights and the rights of my Dependants).
- (2) To the Trustee acting as Trustee of the Fund.
- (3) If the Fund is a self managed fund to be appointed a Trustee or a director of the corporate Trustee.
- (4) To give the Trustee my details (including any Tax File Number), or for the Trustee to obtain them from my Employer.
- (5) To give any other information the Trustee may require for the purposes of the Fund.

Dated: 07/08/2013

Signature: *Andrew Olsson*

Occupation: DISABILITY PENSIONER

Date of birth: 04/04/1985

NOMINATED DEPENDANT(S)

I nominate the following persons as my Nominated Dependants (and acknowledge this is not a binding nomination):

NAME	RELATIONSHIP	% OF TOTAL BENEFIT
<u>GEOFFREY OLSSON</u>	<u>FATHER</u>	_____
<u>MARIE OLSSON</u>	<u>MOTHER</u>	_____
<u>DAVID OLSSON</u>	<u>SON</u>	_____
<u>ANDREW OLSSON</u>	<u>SON</u>	_____

MINUTES OF A MEETING OF TRUSTEES

OF

OLSSON SUPERANNUATION FUND

GEOFFREY VIVIAN OLSSON

MAREE ELIZABETH OLSSON

DAVID MARCUS OLSSON

HELEN OLSSON

HELD AT: 12 DOTTEREL CRESCENT, NORTH LAKES, QLD.

DATE HELD: 07-08- 2013

PRESENT: GEOFFREY VIVIAN OLSSON, MAREE ELIZABETH OLSSON, DAVID MARCUS OLSSON, HELEN OLSSON.

BUSINESS: the meeting was convened to consider the following resolutions. That:

1. the Trustees consider and if thought fit, accept the Application Form received from **ANDREW OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509 (**the Application Forms**) to become members of OLSSON SUPERANNUATION FUND (the Fund), and tabled at the meeting, be considered.
2. that if **ANDREW OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509 become a member of the Fund, that person be appointed.
3. the Trustees consider resignation(s) from the office of Trustee (**the Resignations**) received from:
HELEN OLSSON.
4. the Trustees consider the request received by the following Member to leave the Fund:
HELEN OLSSON.
5. the Trustees consider and if thought warranted, sign the draft Deed of Variation (evidencing the above) tabled before the meeting.

RESOLUTIONS: it was unanimously resolved that:

1. the Application Form be accepted.
2. **ANDREW OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509 be appointed a trustee of the Fund.
3. the Resignation be accepted.
4. the Trustees comply with the Superannuation Industry (Supervision) Act and Regulations in transferring or otherwise dealing with, the entitlements of the Member leaving the Fund;
5. the draft Deed of Variation, tabled at the meeting, evidencing the above resolution(s) be signed.
6. the Trustees attend to the lodgement of such documentation as may be required pursuant to the Superannuation Industry (Supervision) Act and Regulations with the Australian Taxation Office.

CLOSURE: there being no further business, the meeting was declared closed.

Signed as a true and correct record:


GEOFFREY VIVIAN OLSSON

Maree E. Olsson

MAREE ELIZABETH OLSSON

David Olsson

DAVID MARCUS OLSSON

SELF MANAGED SUPER FUND - TRUSTEE DECLARATION

OLSSON SUPERANNUATION FUND

I **ANDREW CHARLES OLSSON** of 12 DOTTEREL CRESCENT, NORTH LAKES, QLD 4509 understand that:

I am responsible for ensuring that the fund complies with the Superannuation Industry (Supervision) Act 1993 (SISA) and other relevant legislation. The Commissioner of Taxation (the Commissioner) has the authority and responsibility for administering the legislation and enforcing the fund's compliance with the law.

I must keep myself informed of changes to the legislation relevant to the operation of my fund and ensure the trust deed is kept up to date in accordance with the law and the needs of the members.

If I do not comply with the legislation, the Commissioner may take the following actions:

- (a) impose administrative penalties on me;
- (b) enter into agreements with me to rectify any contraventions of the legislation;
- (c) disqualify me from being a trustee or director of a corporate trustee of any superannuation fund in the future;
- (d) remove the fund's complying status resulting in a significant tax penalty on the fund, and
- (e) prosecute me under the law, resulting in fines or imprisonment.

SOLE PURPOSE

I understand it is my responsibility to ensure the fund is maintained for the purpose of providing benefits to its members upon their retirement (or attainment of a certain age) or their beneficiaries if a member dies. I understand that I should regularly evaluate whether the fund continues to be the appropriate vehicle to meet this purpose.

TRUSTEE DUTIES

I understand that by law I must:

- (a) act honestly in all matters concerning the fund;
- (b) exercise skill, care and diligence in managing the fund;
- (c) act in the best interests of all the members of the fund;
- (d) ensure that retirement benefits are only accessed by members upon a legitimate condition of release being met;
- (e) refrain from entering into transactions that circumvent restrictions on the payment of benefits;
- (f) ensure that my money and other assets are kept separate from the money and other assets of the fund;
- (g) take appropriate action to protect the fund's assets (for example, have sufficient evidence of the ownership of fund assets);
- (h) refrain from entering into any contract or do anything that would prevent me from, or hinder me in, properly performing or exercising my functions or powers as a trustee or director of the corporate trustee of the fund;
- (i) allow all members of the fund to have access to information and documents as required, including details about
 - the financial situation of the fund
 - the investments of the fund
 - the members' benefit entitlements
- (j) I also understand that by law I must prepare, implement and regularly review an investment strategy having regard to all the circumstances of the fund, which include, but are not limited to:
 - (i) the risks associated with the fund's investments;
 - (ii) the likely return from investments, taking into account the fund's objectives and expected cash flow requirements
 - (iii) investment diversity and the fund's exposure to risk due to inadequate diversification, and
 - (iv) the liquidity of the fund's investments having regard to the fund's expected cash flow requirements in discharging its existing and prospective liabilities, (including benefit payments); and
 - (v) whether the trustees of the fund should hold insurance cover for one or more members of the fund.

Investment restrictions

I understand that, as a trustee or director of the corporate trustee of the fund, subject to certain limited exceptions specified in the law, I am prohibited from the following:

- (a) lending money of the fund to, or providing financial assistance to, a member of the fund or a member's relative (financial assistance means any assistance that improves the financial position of a person directly or indirectly including the provision of credit);
- (b) acquiring assets (other than business real property, listed securities, certain in-house assets and acquisitions made under mergers allowed by special determinations or acquisitions as a result of a breakdown of a relationship) for the fund from members or other related parties of the fund;
- (c) borrowing money (or maintaining an existing borrowing) on behalf of the fund except in certain limited circumstances (while limited recourse borrowing arrangements are permitted, they can be complex and particular conditions must be met to ensure that legal requirements are not breached);
- (d) having more than 5% of the market value of the funds total assets at the end of the income year as in-house assets (these are loans to, or investments in, related parties of the fund including trusts or assets subject to a lease or lease arrangement between the trustee and a member, relative or other related party); and
- (e) entering into investments on behalf of the fund that are not made or maintained on an arm's length (commercial) basis (this ensures the purchase or sale price of the funds assets reflects their market value).

Accepting contributions and paying a benefit

I understand that I can only accept contributions and pay benefits (pensions or lump sums) to members or their beneficiaries when the conditions specified in the law and the fund trust deed have been met.

Administration

I understand that the trustees of the fund must:

- (a) keep and retain for at least 10 years:
 - (i) minutes of all trustee meetings at which matters affecting the fund were considered (this includes investment decisions and decisions to appoint members and trustees);
 - (ii) records of all changes of trustees, including directors of the corporate trustee;
 - (iii) each trustee's consent to be appointed as a trustee of the fund or a director of the corporate trustee; and
 - (iv) all trustee declarations;
 - (v) copies of all reports given to members.
- (b) ensure that the following are prepared and retained for at least 5 years:
 - (i) an annual statement of the financial position of the fund;
 - (ii) an annual operating statement;
 - (iii) copies of all annual returns lodged;
 - (iv) accounts and statements that correctly record and explain the transactions and financial position of the fund
- (c) ensure that an approved auditor is appointed within the prescribed period (currently this is no later than 31 days before the due date for lodgment of the funds annual return but this may change to 45 days) to audit the fund for each income year, and provide that auditor with documents as requested;
- (d) lodge the fund's annual return, completed in its entirety, by the due date.
- (e) notify the ATO within 28 days of any changes in:
 - (i) membership of the fund, or trustees or directors of the corporate trustee;
 - (ii) name of the fund;
 - (iii) contact person and their contact details; and
 - (iv) postal address, registered address or address for service of notices for the fund;
- (f) notify the ATO in writing within 28 days of the fund being wound up or after becoming aware that the fund has ceased to be an SMSF.

DECLARATION

By signing this declaration I acknowledge that I understand my duties and responsibilities as a trustee or director of the corporate trustee of the self managed superannuation fund named on this declaration (or if the fund's name changes, that name). I understand that:

- (a) I must ensure this document is retained for at least 10 years or while I remain a trustee or director of the corporate trustee (whichever is longer) and if I fail to do this, penalties may apply;
- (b) I may have to make this document available for inspection by a member of staff of the ATO and if I fail to do this, penalties may apply;
- (c) do not have access to the government's financial assistance program that is available to trustees of Australian Prudential Regulation Authority (APRA) regulated funds in the case of financial loss due to fraudulent conduct or theft.

Signature:


ANDREW CHARLES OLSSON

Witness Signature:



Print Witness Name:
(witness must be over the age of 18 years)

MAREE OLSSON

DATE:

07/08 /2013

**SUPERANNUATION FUND INFORMATION MEMORANDUM/PRODUCT
DISCLOSURE STATEMENT**

OLSSON SUPERANNUATION FUND

Dated: 07 / 08 /2013



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WHAT IS THIS DOCUMENT ABOUT?

The Trustee has determined to establish a private superannuation fund (**Fund**) as a *self managed superannuation fund (SMSF)* as defined in the Superannuation Industry (Supervision) Act to be governed by that Act and the Regulations (**SIS**).

Under the Corporations Act there may be an obligation on the Trustee to provide a Product Disclosure Statement (**PDS**) on the basis the Trustee (as **issuer**) is issuing a **product**.

The purpose of this document is to provide information from the Trustee to the members which the Trustee believes the member should be advised about, and, if the Corporations Act does in fact require a PDS then this document is designed to satisfy those requirements.

This document is referred to as an Information Memorandum (**IM**) or Product Disclosure Statement (**PDS**).

This IM/PDS provides a general overview, as well as information specific to the Fund.

It is not a substitute for personal advice and members are advised they should obtain their own advice in relation to their rights as members, their obligations in their capacity as Trustees or directors of the Trustee company, and their personal tax position, as well as advice in relation to investment matters.

Words in italics are readily understandable but are also technical terms, generally defined in legislation. For completeness members may obtain further detail from the Trustee on the precise meaning.

1. NATURE OF THE INVESTMENT

- 1.1 The investment by the members is in an SMSF, which is a superannuation fund. As a result almost all of the SIS rules applicable to superannuation funds apply.
- 1.2 There are a number of specific concessions for SMSFs including:
 - (a) less stringent reporting requirements;
 - (b) all members must be Trustees, or directors of the Trustee company (with two very limited exceptions);
 - (c) fund assets may be registered in the name of a custodian who is not an approved custodian under SIS;
 - (d) *business real property* may be acquired from, and leased to, members and associates.
- 1.3 Broadly however the whole of the requirements of SIS and other legislation (eg the Corporations Act) apply to the Fund as it does to other superannuation funds. There are limitations on withdrawing money from the Fund, as per all other superannuation funds.

2. TYPES OF FUNDS

- 2.1 A summary of the three broad categories of superannuation funds available in the market place (not including corporate employer sponsored funds) and the key differences are as follows:

Issue	This Fund (ie SMSF)	Retail Superannuation Fund	Industry Superannuation Fund
Control of the Fund	You control the Fund (as Trustee)	External party (APRA approved) Trustee controls	External party Trustee controls
Ensuring obligations are met	You as Trustee are responsible	Third party responsible	Third party responsible
Decision as to investments	You as Trustee decide	Third party as Trustee decides	Third party as Trustee decides
Limitations on investment	No limitations (as long as consistent with SIS)	There is generally some choice of different managed investments	There may be some limited choice

Issue	This Fund (ie SMSF)	Retail Superannuation Fund	Industry Superannuation Fund
Costs	Ongoing costs of running the Fund (eg accounting and audit) plus costs of buying, holding and selling investments	Generally a fee on contributions, plus an ongoing percentage fee, possibly an exit fee.	Generally a flat weekly or other regular fee
Guarantee on benefits/ investment return	None (unless the Trustee chooses to make investments in guaranteed products)	Generally there is an option of acquiring guaranteed type investment portfolios	Generally there is no guarantee
Insured Benefits (Death and/ or disability)	As organised by you as Trustee	May be available (and may have the advantage of lower premium rates)	May be available (and may have the advantage of lower premium rates)
Payment of benefits	Lump sums and different pension types (including as authorised by SIS and as per Department of Social Security guidelines)	Lump sums, and there may be limited types of pensions available	Lump sums, and there may be limited types of pensions available
Membership	On invitation by you as Trustee	Generally no restriction	Generally limited to employees of a participating employer
Complaints	No complaint resolution mechanism	The Fund must have a complaints resolution procedure, and an appeal may be possible to the Superannuation Complaints Tribunal	The Fund must have a complaints resolution procedure, and an appeal may be possible to the Superannuation Complaints Tribunal
Access to information and reporting	Reporting is less, but you as Trustee should know all of the information relating to the Fund	Comprehensive reporting requirements, further limited information on request	Comprehensive reporting requirements, further limited information on request
Availability of tax concessions	All superannuation tax concessions available	All superannuation tax concessions available	All superannuation tax concessions available
Loss of tax concessions in the Fund	In the event of a breach there is a possibility the Fund can lose its tax concessions	No loss of tax concessions	No loss of tax concessions
Tax payable on benefits	All tax concessions available	All tax concessions available	All tax concessions available
Flexibility	Considerable flexibility, consistent with SIS	Little flexibility, although generally there is investment and insurance choice	Relatively inflexible but may be some investment and insurance choice
Who regulates the Fund	Australian Taxation Office (ATO)	Australian Prudential Regulation Authority (APRA)	APRA

3. OPERATION OF THE FUND

- 3.1 The Fund, in order to be an SMSF under SIS, must have no more than four (4) members.
- 3.2 No member can be an *employee* of another member unless they are related (note that *employee* has an extended meaning). Thus SIS encourages SMSFs to be established by family members.
- 3.3 All members must (with very limited exceptions eg death, legal disability) be represented at trustee level. This means that each member must be a Fund Trustee, or must be a director of the Fund Trustee.
- 3.4 A person must not act as a Trustee (or be on the board of a corporate Trustee) if the person has ever been convicted of an offence of dishonest conduct. The same disqualification will apply if the person is an undischarged bankrupt or if the person has had a *civil penalty order* made against him or her under SIS.
- If a disqualified person intentionally acts as a Trustee there is a maximum penalty of imprisonment for two years.
- 3.5 Except in the case of a single member fund, there must be no other Trustee, or director of the corporate Trustee other than the members. In the case of a single member fund the choices are:
- (a) a company with the member as sole director.

- (b) a company with two directors, one of whom is the member, the member is not an *employee* of the other person unless related.
- (c) two individual trustees, one of whom is the member, the member is not an *employee* of the other person unless related.

3.6 If the Fund has individual Trustees, SIS requires the sole or primary purpose of the Fund must be the payment of old age pensions.

As at the date of this IM/PDS the administrative guidelines are that a fund with individual trustees will meet this test as long as:

- (a) the Deed states that the sole or primary purpose of the Fund is a payment of old age pensions and;
- (b) members have the opportunity to receive pensions. The Deed meets these requirements and all members have the opportunity to receive pensions.

3.7 The Deed meets these requirements and all members have the opportunity to receive pensions. This requirement may change, and Government may make pensions compulsory.

3.8 The operation of the Fund is under the control of the Trustee.

3.9 SIS requires that the Fund is established for the sole or primary purpose of providing superannuation benefits, and it is important to ensure that all Fund activities are for this purpose.

3.10 Meeting all obligations, including arranging and making investments, ensuring compliance with tax and SIS obligations, and all other matters pertaining to the Fund are the responsibility of the Trustee.

As you must be involved at Trustee level, this responsibility therefore falls on you (and your fellow Trustees or Trustee directors).

You may obtain independent advice and assistance. You must ensure that the Fund is audited by an independent auditor who meets the SIS standards.

There is no external party who guarantees the performance of the Fund or that it will meet its obligations.

4. TAXATION CONCESSIONS

4.1 If the Fund Trustee makes an election for the Fund to be a *regulated fund* under SIS, then it is eligible to receive the taxation concessions available to *complying* superannuation funds.

In order to obtain the taxation concessions (ie be *complying*) the Fund must be *regulated* and either:

- (a) not breach the SIS requirements during the year; or
- (b) breach the SIS requirements but the breaches are not so serious as to cause the fund to fail a *culpability test* specified in SIS.

A benchmarking study by the ATO in the 2002 financial year found that less than 45% of Self Managed Superannuation Funds were fully compliant, and that 9% had serious compliance issues. There was also evidence that only 70% of Self Managed Superannuation Funds lodged their tax and regulatory returns on time. As a result in 2006 the Government increased funding to the ATO to regulate SMSFs by \$112 million over the forward estimates period. Your Trustees need to ensure that your Fund is compliant.

If the Fund's complying status is lost then:

- (a) the Fund is subject to tax at the highest marginal rate, of the Fund assets valued at the previous 30 June (less *undeducted contributions*); and
- (b) the Fund income is thereafter tax at the highest marginal rate.

4.2 Trustee or Trustee directors may be penalised for breaches by prosecution.

5. KEY BENEFITS OF THE FUND

5.1 Taxation concessions

Subject to maximum limits, tax deductions may be claimed for contributions to the Fund (see clause 5.4), investment earnings within the Fund are concessionally taxed (see clause 5.6), as are benefits paid from the Fund (see clause 5.7).

5.2 From 1 July 2007:

- (a) Superannuation benefits paid from a taxed fund either as a lump sum or pension would be tax free when paid to people aged 60 and over;
- (b) Superannuation preservation rules would not change. If an individual reaches preservation age (currently 55), they would still be able to access their superannuation benefits before age 60 (as a

pension only), although their benefits would be taxed (broadly in the same manner as they are now but under some simplified rules); and

- (c) RBLs for superannuation would be abolished.

5.3 Flexibility in manner of payment of benefits

The Fund allows the payment of benefits in the form of lump sums, different types of pensions, or a combination of both.

The Fund Trust Deed is designed to give considerable flexibility in the manner of payment of benefits (as allowed under legislation).

5.4 Contributions

The Fund can accept superannuation contributions from any person who is eligible to contribute including employers, employees, a person who is gainfully employed, and by a person in respect of his or her spouse and his or her children. Generally a member may make superannuation contributions if they are under 65, or if aged between 65 and 75 they satisfy certain **work tests** (being 40 hours worked in a 30 day period during the financial year in question).

From 1 July 2007 self-employed people were prior to the 2009 Federal Budget able to claim a full deduction (up to \$50,000) for contributions to age 75 (remember that between 65 and 75 the member needs to satisfy the **work test**) as well as being eligible for the Government co-contribution scheme for personal (after-tax) contributions. As announced in the 2009 Federal Budget, the government will cut the superannuation concessional contributions cap to \$25,000 pa (from \$50,000 pa) from the 2009-10 financial year.

For the 2009-10 financial year concessional deductible contributions (being superannuation contributions made from pre-tax income for which a tax deduction can be claimed) to your superannuation will be limited to \$25,000 per person per annum. These contributions will be taxed at 15%. This same rule would apply to self-employed persons. A transitional arrangement is to be established for individuals aged 50 years or over between 1 July 2007 and 30 June 2012 to enable deductible contributions in the amount of \$50,000 (previously \$100,000) as announced in the 2009 Federal Budget, for those aged 50-74 (applicable to the 2009-10, 2010-11 and 2011-12 financial years).

Amounts contributed in excess of the deductible contribution limits will be taxed at the top marginal tax rate plus Medicare and will be payable by the individual. These amounts will also count towards the person's non-concessional contributions referred to below.

From 1 July 2007, contributions made from a person's after-tax income (referred to as either non-concessional contributions, post-tax contributions, after-tax contributions) are to be limited to \$150,000 a year or \$450,000 averaged over three years (under age 65) on a "bring forward" basis.

The Fund is only to be able to accept undeducted (ie after-tax contributions) if the Member's tax file number (TFN) has been quoted. In addition, the top marginal tax rate plus Medicare levy applies where taxable contributions for a pre 1 July 2007 member exceeds \$1,000 and no TFN has been quoted. This \$1,000 threshold will not apply for accounts opened on or after 1 July 2007.

The Deed allows contributions (or benefits accruing from the contribution) to be reallocated to the member's spouse. The legislation allowing this applies to contributions made on or after January 2006.

5.5 Rollovers

The Fund may accept *rollovers* whether in cash or by the transfer of assets.

5.6 Tax in the Fund

Tax is payable by the Fund on investment earnings, including capital gains. These tax rates are:

- (a) 15% on ordinary income, including contributions and some *rollovers* (there may have been additional costs of up to 15% on some contributions and *rollovers* if they were (prior to 1 July 2005) subject to what was known as the *superannuation surcharge*. The government has abolished superannuation surcharge in relation to contributions and rollovers received after 1 July 2005;
- (b) 15% on capital gains for assets sold within 12 months of acquisition;
- (c) 10% on capital gains made on assets held for over 12 months;
- (d) 0% (or possibly close to 0%) on income earned and capital gains made where the income and gains are made to pay pensions to members.

There is no tax payable by you on the investment earnings within the Fund. Tax is payable by you as a member upon the payment of benefits to you.

5.7 Availability of Tax Concessions on Benefits

Benefits payable from the Fund are able to be concessionably taxed as per all other payments from superannuation funds (and like entities such as RSAs) including:

- (a) concessional rates of tax on lump sums;
- (b) a rebate of up to 15% on superannuation pensions, and
- (c) in some circumstances (eg death and some payments to a person over 55, see below) benefits can be tax free.

As mentioned above, as from 1st July 2007 no tax will be imposed on (any) benefits from taxed funds (as SMSFs are) if the recipient is aged 60 or above.

The new Transition to Retirement rules allow a Member to receive regular payments in the form of a **non-commutable income stream** from a super fund, without the need to retire. This measure applies once the Member reaches their preservation age ie between 55 and 60, depending on their date of birth. This means that the Member may be able to switch to part time work without reducing their income. These provisions take effect on 1 July 2007 and include that an individual will not be able to take out more than 10% of their annual opening balance when utilising a transition to retirement pension.

As mentioned above, access to your preserved benefits depends on your preservation age which is calculated on your date of birth:

Date of birth	Preservation age
Before 1/7/60	55
1/7/60 - 30/6/61	56
1/7/61 - 30/6/62	57
1/7/62 - 30/6/63	58
1/7/63 - 30/6/64	59
After 30/6/64	60

5.8 Control of the Fund

The Fund is controlled by the Trustee(s). **You as a member must be involved at Trustee level** (except in very limited circumstances such as legal disability).

Individual Trustees must make decisions jointly, and the directors of a corporate Trustee must together (as directors) make decisions for the Trustee company.

It is your obligation to be involved in and participate in Trustee decisions.

If you are not involved then:

- (a) you will be in breach of your obligations; and
- (b) you may have little or no right to complain of decisions that have been made by other Trustees or Trustee directors.

6. ASSET PROTECTION

6.1 Reasonable benefit limits have been abolished as part of the governments recent "plan to simplify and streamline superannuation". It seems that the new limits on contributions (see above) have the consequence of limiting the funds that creditors cannot pursue (in a bankruptcy). The Courts will decide whether the member's pattern of contributions had the intention of (if the member was to become insolvent) placing assets beyond the reach of creditors by making 'out of the ordinary' superannuation contributions. However, the primary consideration will remain whether the insolvent person's objective was to defeat the claims of their potential creditors.

This asset protection does not apply in the case of a family law dispute. Government legislation enables the Family Court to make orders splitting superannuation interests.

6.2 Family Claims on Death

The Fund, as an SMSF, is not subject to review by the Superannuation Complaints Tribunal in relation to the division of benefits on death (or whether or not a person is entitled to disability benefits). This is therefore likely to reduce the prospect of dispute between family members.

As assets are in the Fund it is generally unlikely that the legislation in the various States giving rights to family members to dispute the division of the deceased member's estate will apply (unless the Trustee decides to pay death benefits to the deceased member's estate).

As a result it is very important that:

- (a) family members who are intended to benefit, comprise the Trustee, or control it; or
- (b) a binding death benefit nomination is made (see below).

6.3 Death Benefit Nominations

The Fund allows a member to make a binding death benefit nomination. If this nomination is valid and subsisting, the Trustee is obliged to follow it. **Please note that a binding death benefit nomination does**

not lapse after 3 years (see SMSFD 2008/3 - Section 59 of the Superannuation Industry (Supervision) Act 1993 (SISA) and regulation 6.17A of the Superannuation Industry (Supervision) Regulations 1994 (SISR) do not apply to self managed superannuation funds).

6.4 Investment choice

Investment decisions are made by the Trustee, who has an obligation to formulate and implement an investment strategy having regard to the matters laid down in SIS, including:

- (a) the Fund's objectives;
- (b) the Fund's liability to pay members' benefits and other liabilities;
- (c) risk and diversification;
- (d) all of the circumstances of the Fund.

The Trustee does not intend at the date of this IM/PDS to consider labour standards or environmental, social or ethical consideration in formulating and implementing the Fund's investment strategy.

As you as a member must be represented at Trustee level, you have a high degree of control in deciding what investments to make.

6.5 Borrowing Powers

Sections 67A and 67B of the Superannuation Industry (Supervision) Act 1993 (previously section 67(4A)) enables superannuation trustees to borrow providing they adhere to the documentation requirements set out in that clause and comply with their obligations under SIS.

Prior to obtaining a finance facility to leverage the Fund's assets/cashflow, the Trustees must consider:

- (a) **Sole purpose test** - any investment must be assessed carefully to ensure that it is being made for the purpose of the provision of Member benefits, and not for some other purpose;
- (b) **In-house asset rules** - these still apply;
- (c) **Arm's length** - if a Member is providing the loan funds, the terms and conditions of the borrowing arrangement must effectively be as if negotiated at arm's length;
- (d) **Related party acquisition rule** - the prohibition of acquiring assets from Members and related parties. There are exceptions including the acquisition of business real property and listed securities (if acquired at market value);
- (e) **Cash flow requirements** - if the income to be received from the Superannuation Asset will be insufficient to meet the interest payments due under the Finance Agreement, there must be adequate income from other assets owned by the Fund that may be used to meet the interest payments;
- (f) **Commercial issues** - if on analysis the investment does not provide commercially acceptable returns, this may raise both investment strategy and sole purpose test concerns;
- (g) **Tax considerations** - Capital Gains Tax, GST (on assignments to the SMSF Trustees), land tax and stamp duty.

There are substantial risks associated with any type of borrowing. Depending on the asset to be acquired, the risk may be financial risk (including interest rates, cash flow), geographic risk, or economic risk (downturn in commodity prices).

Under the procedure set out sections 67A, the financier is to have **limited recourse**

6.6 Some Investments are prohibited by SIS

Fund assets should not be used by members contrary to SIS (particularly the *in-house asset* restrictions).

Commercial Property - the Fund may own *business real property*, acquire it from, and lease it to, members and associates.

Shares - the Fund may acquire ASX listed shares from members and associates.

7. OTHER KEY DIFFERENCES/DISADVANTAGES OF THE FUND

7.1 Control

The Fund is not controlled by an independent professional trustee. It requires both time and effort from the members since each member is either one of the Trustees, or a director of the corporate Trustee.

You may obtain the benefit of independent services and advice, such as accounting and investment advice, but you, in your capacity as Trustee, are responsible for the Fund.

7.2 Diversification

There may be less opportunity to fully diversify Fund investments.

The Fund Trustee may decide to diversify by buying managed investments etc, but in other instances the Trustee's decisions may result in relatively low diversification (eg a large property, significant cash holdings etc.).

7.3 Cost

Industry funds, and corporate employer sponsored funds, are likely to have lower costs, and if the Fund is small retail funds may also have lower costs.

7.4 Cost of insurance

Some alternative Funds, particularly corporate employer sponsored funds, may offer lower insurance costs because of the existence of a group policy.

7.5 Limit on Benefits

The Trustee may obtain insurance so that in the event of death or disability the Fund receives a payment under the policy. Except to the extent to which benefits are insured benefits are limited to the assets of the Fund.

The assets of the Fund will increase with investment earnings, but will decrease with investment losses, including loss of capital.

There is therefore no guarantee as to the amount of benefits which will ultimately be payable.

The Fund is what is called an *accumulation fund* as compared to a *defined (or promised) benefit fund*. This investment risk is with you as member.

Like all investments in a superannuation fund (including an *RSA*) you can only withdraw benefits on retirement, reaching age 65 etc (see clause 14 below).

7.6 Legal Obligations

As a member must be a Trustee or a director of the Trustee company, you have to understand your legal obligations, and ensure they are met. The law is complex and although this is an SMSF, the vast majority of SIS and other legislation (including the Income Tax Assessment Act and the Corporations Act) apply to the Fund.

You should ensure that these obligations are understood and are met, and should for that purpose ensure that you have appropriate advice from suitably qualified advisors.

7.7 Poor Administration

You must keep the Fund assets separate from other investments as if you do not, there is the risk of:

- (a) failure to meet your obligations as Trustee; and
- (b) loss of assets in the event of litigation if you are unable to prove that the asset is owned by the Fund.

We advise all new funds to open a bank account. The name of the account will be **GEOFFREY VIVIAN OLSSON ,MAREE ELIZABETH OLSSON , DAVID MARCUS OLSSON , HELEN OLSSON as trustee for OLSSON SUPERANNUATION FUND.**

We also strongly advise Trustees that if the Fund is to purchase real estate, then a caveat is placed over the title of all real estate purchased, to ensure that the interests of the members are protected.

8. SIGNIFICANT RISKS

8.1 The Fund may lose its **complying** status if SIS is breached, with serious tax implications. we draw your attention to our comments in clauses 4, 5.6 and 5.7.

Breaches of SIS may also result in penal action against the Trustee or Trustee directors.

9. COSTS

9.1 There are a number of costs associated with the Fund including:

- (a) costs (if applicable) of incorporating a company to act as Trustee.
- (b) costs of establishing the Fund.
- (c) annual accounting and audit costs.
- (d) tax payable by the Fund (both capital gains tax and income tax).
- (e) costs of obtaining actuarial reviews and certificates if necessary (this will generally arise only upon the Fund commencing to pay a pension).
- (f) costs of buying, holding and selling Fund investments including:

- (i) stamp duty;
- (ii) brokerage or other agent's fees
- (iii) selling commissions;
- (iv) management fees.

The costs can be broken into regular ongoing costs, and those costs that are incurred as a result of investment activity.

- 9.2 The Trustee is unable to give further detail on the costs, which will vary from year to year, but you as member and a Trustee or a director of the Trustee, should be aware of the costs.
- 9.3 The Trustee must not charge for its services, whether as an administration fee, contribution fee or management fee.
- 9.4 This Fund differs in its cost structure markedly from other types of funds.
- 9.5 The costs will be shared between the members on a proportional or other equitable basis, and if investments are held for specific members, the cost of those investments will be directly debited to those particular members' accounts.
- 9.6 The costs may be greater as a percentage of Fund assets than would be incurred in another type of fund, or may be less. The costs are never likely to be less than an industry fund or a corporate employer sponsored fund.
- 9.7 You should make due inquiry of other cost structures and if thought appropriate, obtain independent advice on the most cost effective structure. Costs are only one part of a decision making process and you should also consider other advantages and disadvantages of this Fund compared to other funds.

10. CREDITING OF FUND EARNINGS

- 10.1 The Trustee has flexibility in utilisation of Fund profits, including by:
 - (a) crediting members' account balances pro-rata to those balances;
 - (b) establishing a reserve and crediting all or part of those earnings to a reserve.
- 10.2 The Fund may make specific investments for members, in which case earnings on those assets are credited solely to those members.
- 10.3 You as a Fund member and therefore a Trustee or director of the Trustee company should be involved in all decisions relating to the crediting of investment earnings.
- 10.4 There are no guarantees in relation to earnings, and the Fund may make investment losses.

11. REPORTING TO MEMBERS

- 11.1 The Fund, as an SMSF, is not subject to the same strict member reporting requirements as apply to other types of funds.

The Trustee (to comply with the information requirements contained in the Corporations Act and Regulations) must give information to Fund members.
- 11.2 It is to be expected that the formal information given will be a copy of Fund accounts, and statements of members' balances.

You as a member will also be a Trustee or a director of a Trustee company and should therefore have all the information available to you that the Trustee has.
- 11.3 You may obtain further information in your capacity as Trustee by seeking the advice of advisers, including specialists in:
 - (a) investment matters;
 - (b) auditing and accounting matters;
 - (c) taxation matters;
 - (d) compliance matters (eg meeting the legal requirements under SIS, the Income Tax Assessment Act and the Corporations Act).

12. TRUST DEED

- 12.1 The Fund is governed by a Trust Deed which specifies in detail the duties and obligations of the Trustee and the rights and entitlements of Fund members.
- 12.2 In a number of respects the legislation, particularly SIS, overrides the Trust Deed.
- 12.3 The Deed has a provision which deems some legislative requirements to be incorporated in order to ensure the Fund meets its obligations, particularly under SIS.
- Those obligations can change from time to time, and will therefore operate to automatically change the terms upon which the Fund is governed.
- 12.4 The Trustee needs to ensure it meets the obligations contained in the Deed to:
- (a) meet its obligations to the members;
 - (b) comply with SIS and other legislative requirements;
 - (c) maintain the Fund's complying status.
- 12.5 The Deed is comprehensive and should be read and understood by you:
- (a) as a member to understand your rights and entitlements particularly in relation to benefits;
 - (b) as Trustee or director of a Trustee company to understand your obligations as Trustee.
-

13. REGULATION OF THE FUND

- 13.1 All SMSFs are regulated by, and send reports to, the ATO.
- If a Fund fails the requirements to be a SMSF then an independent approved trustee must be appointed and the Fund will thereafter become regulated by APRA.
- 13.2 To be an SMSF requires:
- (a) no more than four (4) members;
 - (b) the members and Trustee rules (see above) are met; and
 - (c) the Trustee is not remunerated.
- 13.3 An annual report must be lodged with the ATO specifying whether or not the Fund has met the SIS requirements to be a *complying* fund, and any breaches of SIS must be notified.
- This report must be signed by the auditor.
- Any breach brings with it the risk of the ATO, as regulator, removing the Fund's complying status (as well as instigating penal action against the Trustee and/or Trustee directors). Removal of complying status results in particularly severe taxation penalties (see above).
-

14. PAYMENT OF BENEFITS

- 14.1 Benefits are payable in circumstances such as retirement, termination of employment over age 60, attaining age 65, death and *permanent disability*.
- In some circumstances, benefits must be paid, and in other circumstances there is a choice as to whether benefits are paid or not.
- Rules in relation to benefit payment are specified in SIS, as well as covered by the Trust Deed.
- 14.2 The Deed sets out the circumstances and the methodology of paying benefits, all of which must be done in a manner which is consistent with SIS.
- The Deed gives considerable flexibility as to when, and in what manner, benefits are payable.
- The Deed allows the payment of lump sums, as well as numerous types of pensions.
- 14.3 On your death:
- (a) your benefits must be paid as soon as practicable after your death, either to your *dependants* or your estate;
 - (b) if you are already in receipt of a pension then the pension may, if you have specified a reversionary pensioner, continue for the benefit of that person or persons.
- The remaining Trustees or directors of the Trustee company will come to control the Fund, and there is an opportunity for your legal personal representative (executor or administrator of your estate) to also be joined at Trustee level.

14.4 Unless there is a binding nomination, the Trustee decides who receives the benefit.

The Trustee's decision is not subject to review by the Superannuation Complaints Tribunal, which does not have jurisdiction over SMSFs.

You should therefore ensure that control of the Fund passes in a manner which is appropriate and consistent with your estate planning wishes.

14.5 You may make a binding death benefit nomination, which will direct how the Trustee deals with your benefits upon your death. The trustee must give you information so you can understand how important this decision is, and you must make the nomination in the manner specified by the Trust Deed.

14.6 Alternatively you may make a non-binding nomination. This is merely an indication as to how you would like your benefits to be paid on your death, but is not binding on the Trustee.

15. JOINING THE FUND

15.1 To join the Fund requires you to:

- (a) complete the application form which is part of this package;
- (b) consent to be a Trustee or director of the Trustee company;
- (c) become a Trustee of the Fund, or director of the Trustee company;
- (d) provide your tax file number to the Trustee(s) of the Fund;
- (e) be admitted by the Trustee as a member.

15.2 You should obtain your own independent advice if you believe it is necessary or appropriate, both in relation to your position as a member and at Trustee level.

15.3 You should not participate in the Fund unless it is appropriate for you to join in a private fund:

- (a) owing obligations to all the members;
- (b) where the control is held by you and your fellow Trustees or directors; and
- (c) in circumstances where you are responsible for the operation of the Fund.

SELF MANAGED SUPERANNUATION FUND - USER POINTS OF INTEREST

ESTABLISHING A SELF MANAGED SUPERANNUATION FUND

1. INTRODUCTION

- 1.1 If you wish to establish a private superannuation fund (called a **self managed superannuation fund** or **SMSF**) then the attached documents will allow you to do so.

All superannuation funds, including SMSFs are governed by the Superannuation Industry (Supervision) Act (SIS). It is a complex piece of legislation, supported by comprehensive Regulations.

- 1.2 SIS regulates the conduct of fund trustees and other involved parties, such as fund auditors.
- 1.3 Breaches can result in loss of tax concessions but also fines, and even jail terms for (serious criminal) breaches. It is imperative that fund trustees are properly informed.
- 1.4 The most important basic principles of SIS are set out below, but SMSF trustees, and directors of a trustee company must understand that all of SIS applies (with very few concessions), and must ensure that they do not breach the provisions in operating the fund.
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2. SIS APPLIES TO "REGULATED FUNDS"

- 2.1 The trustee must elect for the fund to be regulated by SIS (which is irrevocable), as if it does not it is not eligible to be **complying**, and thus is not able to obtain the taxation concessions.
- 2.2 The Application to Register for Superannuation Entities can now be completed on-line at www.abr.gov.au. This must be done without delay as it is the Fund's election to be regulated. A hard copy of the ATO Form can also be obtained from the ATO.
- 2.3 In many respects SIS overrides the deed, and therefore the election to become regulated means that the fund may become subject to new requirements over time. If so, it will not be possible to avoid those requirements except by running the risk of losing complying status.
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3. REQUIREMENTS FOR COMPLYING STATUS

- 3.1 For a fund to be complying: The fund must be **regulated**; and
- (a) there is no breach of SIS, or the SIS Regulations; or
 - (b) there were breaches but the fund did not fail a **culpability test**.
- 3.2 The culpability test is, in essence, a test of whether the breach is so serious that, having regard to the adverse tax consequences, the fund's complying status should be lost.
- This is a decision of the Australian Taxation Office ("ATO") which is the Regulator of SMSFs.
- 3.3 An annual audit must be completed, which among other things is designed to ascertain if SIS has been breached.
- 3.4 The tax consequences of becoming non-complying are particularly harsh. The tax on loss of status is 47% times the market value of the fund's assets as at the previous 30 June (excluding undeducted contributions), and thereafter income is taxed at 47%.
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4. REQUIREMENTS TO BE A SMSF

- 4.1 SMSFs are funds with four or fewer members where the trustee and the members are basically one and the same. If the fund has a single member then:
- (a) the trustee is a company of which the member is the sole director, or the member and one other person (who is not to be an unrelated employee); or
 - (b) the fund trustees are 2 individuals, one of whom is the member and the other is a person (who is not to be an unrelated employee).
- 4.2 For funds with 2, 3 or 4 members, all members (and no one else) must be directors of the trustee company, or individual trustees.

5. SMSF CONCESSIONS

- 5.1 There are a number of concessions for SMSFs including:
- (a) less stringent reporting requirements;
 - (b) **business real property** may be acquired from, and leased to, members and associates;
 - (c) moneys may be remitted to an employer without following a complicated procedure; and
 - (d) assets may be held in the name of other people without those other people meeting strict requirements under SIS.
- 5.2 If an otherwise small fund does not meet the requirements then an independent trustee must be appointed. As the fund has been set up as an SMSF then changes to the trustees and members should not be made without ensuring these rules are still met.
- 5.3 SMSFs are administered by the ATO, not the Australian Prudential Regulation Authority (who only regulate bigger funds, or small funds which are not SMSFs).

6. TRUSTEE DISQUALIFICATION

- 6.1 A person must not act as a trustee (or be on the board of a corporate trustee) if:
- (a) the person has ever been convicted of an offence of dishonest conduct;
 - (b) the person is an undischarged bankrupt; or
 - (c) the person has had a **civil penalty order** made against him or her under SIS.
- 6.2 If a disqualified person intentionally acts as a trustee the stated penalty is imprisonment for 2 years.

7. INDIVIDUAL OR CORPORATE TRUSTEE

- 7.1 Unless the Fund has a corporate trustee, the primary purpose of the Fund must be the provision of benefits in the form of old age pensions. The current administrative guidelines are that each member must have the opportunity to obtain an old age pension.
- Current guidelines therefore allow considerable flexibility, but this may change in the future.

8. CONTRIBUTION SPLITTING - POST 1 JANUARY 2006

- 8.1 Members (of accumulation funds) are allowed, as from 1 January 2006, to split future personal and employer superannuation contributions with their spouse. An individual will be able to have the split superannuation contributions paid into a separate account in their spouse's name. As such, the receiving spouse will have access to their own Eligible Termination Payment tax-free threshold and Reasonable Benefit Limit.
- 8.2 The following contributions are splittable contributions:
- (a) Taxed splittable contributions - including taxable contributions under section 274 of the Income Tax Assessment Act 1936 (ITAA 1936) such as employer contributions and amounts paid by the Tax Office relating to a superannuation guarantee entitlement or from the superannuation holding accounts special account, and also allocated surplus contribution amounts; and
 - (b) Untaxed splittable contributions - including contributions made by a fund member or another person which are not taxable contributions, such as personal undeducted contributions and super co-contributions.
- 8.3 To apply for a contribution split, the relevant Member is required to complete an Application for Contribution Split in accordance with Regulation 6.44 of Superannuation Investment (Supervision) Regulations. A sample Application form is included in this package.
- 8.4 The maximum splittable amount for any financial year is 85% of taxed splittable contributions made in the financial year and 100% of untaxed splittable contributions made in the financial year.

9. NOTICE OF COMPLIANCE

- 9.1 You will find a Notice of Compliance in this Deed. Addressed to a Member's employer, it should be signed by the Fund Trustees at the end of each financial year so that an Employer that has contributed to the Fund can claim a tax deduction for those contributions.

10. SECTION 82AAT NOTICE

- 10.1 For a Member to claim a tax deduction for contributions to the Fund made by themselves, the Member needs to give the Fund Trustees a Notice under Section 82AAT(1) of the Income Tax Assessment Act 1936. A draft Notice is included in this package for your guidance.
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11. OTHER MATTERS

- 11.1 Many additional requirements must be met. Trustees must, for example, make investments in accordance with an investment strategy, provide information to members, arrange the fund to be audited annually etc.
- 11.2 SIS is lengthy and complex and whilst perceived to be designed to protect arm's length members, almost all of the provisions apply in exactly the same way to trustees and members of SMSFs.
- 11.3 It is the responsibility of the trustees to ensure that the standards in SIS and the SIS Regulations are met.
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12. PRODUCT DISCLOSURE STATEMENT

- 12.1 When a new member joins an established SMSF, the trustee must give them a Product Disclosure Statement (PDS) at or before the time that they join (ASIC QFS 145 - What are the Product Disclosure Statement requirements for a self managed superannuation fund?). However, the trustee of an SMSF can give the PDS after the member joins the fund, if the member joins when the SMSF is first established (Corporations Act s1012F and reg 7.9.04(1)(a)(iv)). In this situation, the trustee must give the PDS as soon as practicable, and in any event **within three months** after the member joins the SMSF.

A PDS must be provided to a member by the trustee whenever a member changes from growth to pension phase.

13. STAMP DUTY

- 13.1 Stamp duty must be paid on trust deeds in Western Australia (and in most other jurisdictions in Australia).
- 13.2 You must arrange for the payment of stamp duty (which is nominal in most jurisdictions in Australia) at the relevant Stamp Duty Office in your State / Territory.

Order #24107
OLSSON SUPERANNUATION FUND
(Superannuation - Variation to any of the Fund name, Trustee or Member)

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