

PRODUCT DISCLOSURE STATEMENT

S.J. & J.M. DIXON SUPERANNUATION FUND

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PRODUCT DISCLOSURE STATEMENT

1. OUTLINE OF PDS

- a) The purpose of this product disclosure statement ("PDS") is:
 - i) to provide information to members regarding the operation of the Fund;
 - ii) to provide information to members regarding their interest in the Fund; and
 - iii) to comply with requirements of the trustee as imposed by the Corporations Act.
- b) This PDS is not intended to be a comprehensive statement of all legal principles applying to the Fund, or a Member's entitlement in the Fund. Each Member should obtain independent legal advice and advice from an appropriately licensed financial advisor before entering into any transaction relating to the Fund and/or making contributions or accessing benefits from the Fund. Penalties apply for breaching the superannuation law.
- c) Words and terms commonly used in this PDS are defined in section 16.
- d) Both the Trustee and the Member of the Fund should sign the last page of this PDS to signify that the document has been provided to the Member and that the Member has accepted it.

2. PURPOSE OF FUND

- a) The purpose of the Fund is to provide retirement benefits to its Members, or benefits to the estate and/or dependants of Members, in the event of their death. The Fund may also provide benefits to Members when they suffer incapacity.
- b) All decisions made in respect of the Fund are to be made with these purposes in mind and in compliance at all times with the sole purpose test in the SIS Act.

3. ISSUER OF PRODUCT

The issuer of the product is the Trustee of the Fund.

4. OPERATION OF SELF MANAGED SUPERANNUATION FUND

4.1 Outline of Operation

- a) The Fund is a self managed superannuation fund ("SMSF"). An SMSF is a privately operated superannuation fund and is also commonly known as a 'DIY' fund.
- b) The persons involved in the operation of the Fund include:

- i) the Trustee, who manages the Fund on a daily basis, and is legally responsible for its assets. There are rules about who can be a Trustee and how they can operate the Fund which are explained in section 6 of the PDS; and
 - ii) the Members, who have certain rights and entitlements to the assets of the Fund. There can only be a maximum of four (4) members at any one time, and not all persons are eligible to be members. Details about the contribution rules are contained in section 7 of the PDS.
- c) The rules of operation of the Fund are governed by the Trust Deed and the superannuation law including the SIS Act and the Tax Acts.
 - d) There are costs involved in the operation of the Fund, which are explained in section 4.5 of the PDS.

4.2 **Compliance with Laws**

- a) The operation of the Fund is subject to a number of laws.
- b) If these laws are not complied with, penalties can be imposed by the Australian Taxation Office, and can include:
 - i) financial penalties for the Trustee;
 - ii) jail for the Trustee or directors of the Trustee company; or
 - iii) loss of complying status of the Fund, which can result in additional tax liabilities.
- c) It is important that the Trustee and Members obtain appropriate advice in relation to the operation of the Fund. Lawyers can provide legal advice regarding the Fund. Only persons who hold an appropriate Australian Financial Services licence can advise regarding investments and other financial decisions relating to the Fund.

4.3 **Advantages**

- a) A complying SMSF is a relatively tax effective investment vehicle. Tax rates applying to income and capital gains are generally lower than the rate applying to many individuals or other entities.
- b) The Bankruptcy Act also provides some protection for superannuation benefits from creditors. This is subject to certain conditions.
- c) As the Members effectively control the Fund, there is the ability to control the administration of the Fund more readily than in many external funds. For example, the Members and Trustee have more control regarding:
 - i) the investments in the Fund;

- ii) the type of benefits to be taken; and
- iii) determining the persons who benefit (and how) in an estate planning context.

4.4 **Disadvantages**

- a) The Members and Trustee are responsible for the administration of the Fund, and therefore:
 - i) carry the risk associated with non-compliance and/or poor investment choices. Many people rely on the advice of external advisors to assist in this regard;
 - ii) are responsible for all the paperwork and administration of the Fund. This can be time consuming, and again, many people may rely on the assistance of external advisors; and
 - iii) are responsible to ensure the Fund deed and documents remain up to date.
- b) The costs of running the Fund can outweigh the benefits, particularly if the entitlements of the Members are small.
- c) Disputes in relation to the Fund must be dealt with via a Court (rather than the Superannuation Complaints Tribunal), which is usually more expensive.

4.5 **Costs**

- a) All superannuation funds have operating costs, which are effectively passed on to members, and reduce their entitlements within a fund.
- b) Many external funds charge management or administration fees, and may charge entry and exit fees.
- c) This Fund has costs which can include:
 - i) fees for lodging tax returns and preparing financial statements;
 - ii) costs of investments, which can include commissions or fees to financial advisors;
 - iii) costs of legal, accounting, taxation and/or financial advice;
 - iv) costs of documentation relating to the Fund, both now and ongoing such as variations to the deed, preparation of investment strategies and other trustee records, binding nominations for members and other ancillary documents; and
 - v) costs of an independent auditor.
- d) It is important that Members have compared the costs of the Fund and that they are satisfied that they are not significantly more than those of an external fund. However, the value of the assets in the Fund, or the

priority Members give to the other advantages and disadvantages of the Fund, also need to be taken into account.

5. VARIATION OF FUND

The Fund deed may be varied. The deed may not however be varied if the amendment has the effect of:

- a) varying the purpose of the Fund unless permitted by the superannuation law; or
- b) adversely affecting or reducing any of the entitlements of, or the amount of a member or beneficiary's accrued benefit to the date of amendment, unless the member consents in writing; or
- c) breaching the superannuation law.

6. TRUSTEE

- a) The trustee of the Fund can either be a company or two or more individuals.
- b) To qualify as an SMSF, there are rules about who can be a trustee. All members of the Fund must be Trustee or if the trustee is a company, directors of the company.
- c) Where the Fund has only one member, the following exceptions apply:
 - i) if the trustee is a company, the member can be the sole director of the company or one of two directors; or
 - ii) if the Trustee are individuals, the member can be one of only two Trustee.

Legal advice should be sought if there is ever any doubt that the trustee-member rules are not being complied with.

- d) The superannuation law also allows other persons to act as Trustee (or directors of the trustee company) for the Fund to remain an SMSF in situations where a member has died, is under a legal disability or the member is a minor.
- e) Upon a Member's death, the person or persons who will take up the trustee role or directorship in the trustee company may impact on who receives the deceased member's death benefits. Legal advice should be sought in relation to the estate planning intentions of the Member (see section 13 of the PDS).

7. CONTRIBUTIONS & ROLLOVERS

7.1 Contributions and Roll-Overs

- a) A contribution is when money or assets are transferred to the Fund into a Member's account and the source of those funds or assets is not another superannuation fund, retirement savings account or other approved account. A rollover is when a Member moves funds or assets from another fund into the Fund or from the Fund to another fund.
- b) Subject to certain tests, contributions can be made to the Fund by:
 - i) Members (eg, non-concessional contributions); or
 - ii) employers of Members (ie, concessional contributions); or
 - iii) the spouse of Members; or
 - iv) the government (eg, co-contributions).
- c) Some of the rules about contributing to superannuation by, or in respect of a member relate to:
 - i) a member's age and whether or not a member works; and
 - ii) the amount that can be contributed.
- d) The table shows the contributions that can be made to superannuation, based on a member's age and working conditions.

Age	Work Test and Contributions Permitted
Under 65 years	Nil
65 years to 74 years	<ul style="list-style-type: none"> • Mandated employer contributions and/or; • Contributions made in respect of a member if the member has satisfied the work test* in the financial year in which the contributions are made.
75 years and over	Only mandated employer contributions allowed.

*The work test requires the member to have worked for at least 40 hours in 30 consecutive days in a financial year.

7.2 Contribution Limits

- a) **Non-Concessional Contributions:**
Non-concessional contributions are contributions made for or by a member that are not included in the superannuation fund's assessable income, (ie, formerly known as undeducted contributions and including

eligible spouse contributions). The following caps apply to non-concessional contributions:

- i) For the 2015-2016 financial year, an annual limit of \$180,000 applies.
- ii) People aged under 65 years are able to bring forward two years of contributions allowing them to make a total of \$540,000 over three consecutive financial years. The bring-forward cap is three times the non-concessional contributions cap of the *first* year.
- iii) People aged 65 and over will be limited to making \$180,000 each financial year provided the work test is satisfied. However, people aged 63 and 64 who contribute \$540,000 before they turn 65 will not be required to meet the existing work test in the two years after they make the contribution.
- iv) Contributions in excess of the cap are taxed at penalty tax rates. .
- v) The following contributions are excluded from the non-concessional contributions cap:
 - where they are the proceeds from the disposal of assets that qualify for certain small business capital gains tax exemptions up to a lifetime limit of \$1,395,000 (2015-2016 financial year).
 - where they are the proceeds from a settlement for an injury which results in permanent disablement.

An election must be made where these exceptions are to be relied upon and advice should be sought as time limits for making the election apply.

b) **Concessional Contributions:**

Concessional contributions are contributions made for or by a member that are included in the fund's assessable income. The following limits on concessional contributions apply:

- i) People aged under 49 years will be limited to making contributions of \$30,000 per person per financial year.
- ii) People aged over 49 years will be limited to making contributions of \$35,000 per person per financial year.
- iii) For individuals earning less than \$300,000 per annum, contributions under the relevant limit will be taxed at 15%. For individuals earning more than \$300,000, contributions under the relevant limit will be taxed at 30%.

- iv) If you exceed the concessional contributions cap, any excess concessional contributions will be included in your assessable income for the corresponding year and taxed at your marginal tax rate (with a non-refundable tax offset equal to the 15% tax paid by the fund). In addition, you will be liable for the excess concessional contributions (ECC) charge.
- v) You may elect to withdraw up to 85% of your excess concessional contributions from your superannuation fund to help pay your income tax assessment. Any excess concessional contributions withdrawn from your fund will no longer count towards your non-concessional contributions cap.
- vi) Employers and self-employed persons are able to claim a full deduction for all contributions made on behalf of employees or themselves under age 75, even if over the contributions cap. Age-based limits are no longer applicable.

8. BENEFITS

8.1 When Paid

- a) Before benefits can be accessed from the Fund, Members must satisfy a condition of release. Prior to this time, most benefits will be classified as preserved, or restricted non-preserved benefits. If a Member has benefits which are classified as unrestricted non-preserved benefits, then these benefits may be accessed without satisfying a condition of release.
- b) Examples of conditions of release are:
 - i) attaining the age of 65 years;
 - ii) attaining Preservation Age and permanently retiring;
 - iii) attaining the age of 60 and ceasing a position of gainful employment;
 - iv) becoming permanently disabled;
 - v) becoming temporarily disabled; and
 - vi) in some cases, financial hardship.
- c) If a Member has not retired but has reached their Preservation Age, they may be able to access their benefit in the form of a non-commutable income stream (transition to retirement pension).
- d) There is no requirement for Members to compulsorily cash their benefits in the Fund if they are aged 65 or over and do not meet a work test.

Members are able to keep their entitlements in a superannuation environment for as long as they like.

- e) There is a requirement for Trustee to compulsorily cash benefits of Members as soon as practicable after the death of the Member.

8.2 Types of Benefits

- a) Benefits payable to Members may take the form of a pension, income stream, lump sum or a combination of all of the foregoing.
- b) The Trust Deed of this Fund allows:
 - i) for payment of a lump sum benefit by cash or by transferring an asset of the Fund to the Member in-specie; and
 - ii) subject to the superannuation law, benefits to be paid in one or more of the following forms:
 - A. as one or more lump sums; or
 - B. as one or more pensions or income streams; or
 - C. as one or more annuities; or
 - D. as any other type of payment permitted under the superannuation law; or
 - E. any combination of one or more of the above.

8.3 Reserves

- a) The Deed contains the flexibility for insurance proceeds which may form part of a Member's Death Benefit and/or Disability Benefit to be allocated to a reserve account.
- b) Expert advice should be sought if it is intended that these benefits are allocated to a reserve account as this may impact on:
 - i) the deductibility of the insurance premiums;
 - ii) the taxation of the benefit; and
 - iii) the counting of a subsequent allocation to a Member's Account towards the contributions cap.

8.4 Pensions

- a) There is generally only one type of pension which is able to be commenced from the Fund, known as an account based pension. In some cases, a market linked pension can be commenced after 20 September 2007 where it arises from the commutation of another complying income stream. Allocated pensions which existed prior to 1 July 2007 will be able to operate under the minimum payment rules as outlined below, without the need to commute or start a new pension.

- b) The account based pension is a pension where there is an account balance attributable to the member. The rules for the pension must ensure that:
- i) the capital supporting the pension cannot be added to by way of contribution or rollover once the pension has commenced;
 - ii) payment is made at least annually;
 - iii) the total of the payments in any year is at least the minimum amount prescribed in the regulations;
 - iv) the pension is transferable to another person only on the death of the primary or reversionary beneficiary (as the case may be); and
 - v) the capital of the pension and the income from it cannot be used as a security for a borrowing.
- c) The minimum pension amount which must be taken each year is based on the Member's age and account balance at the beginning of each financial year. In the case of the first year, the account balance used is the account balance on the day of commencement. The minimum pension amount is calculated by multiplying the account balance by the percentage factor relevant for the Member's age.

Minimum Payment Amount	
Age of Beneficiary	Percentage Factor %
Under 65	4
65 – 74	5
75 – 79	6
80 – 84	7
85 – 89	9
90 – 94	11
95 or more	14

- d) No maximum limits will apply, except for if Members are accessing a transition to retirement pension. In this case, no more than 10% of the account balance (at the start of each financial year) can be withdrawn in any one year.
- e) The 50% assets test exemption relevant to Centrelink applicants and in relation to market linked pensions no longer applies, ceasing in relation to pensions commenced on or after 20 September 2007.

8.5 Factors Influencing the Form and Manner of Payment of Benefit

There are a number of factors which the Member must consider in determining whether they should take a benefit from the Fund and if so, whether they take it in the form of a lump sum and/or pension. Some factors include:

- a) the amount of income needed by the Member;
- b) the lifestyle of the Member; eg, is a lump sum required to travel or to pay off debt;
- c) taxation implications;
- d) access to social security benefits (N.B. the 50% assets test exemption for complying income streams ceased on 20 September 2007); and
- e) estate planning issues - who does the Member wish for their death benefit to be paid to on their death, and how will it be taxed.

Members should seek advice from an advisor to determine the most effective form of benefit for the Member having regard to their individual circumstances.

9. INVESTMENTS

9.1 Investment Strategy

- a) The SIS Act requires that the Trustee of the Fund formulates and gives effect to an investment strategy. The investment strategy will determine the types of investments to be made by the Fund and therefore the costs and returns of the Fund, based on the investments.
- b) The Trustee should formulate the investment strategy, if necessary, with the assistance of a licensed financial advisor. The strategy should be regularly reviewed.
- c) The Trustee is required to take into account factors in the investment strategy such as: risk and likely return, composition and diversification of assets, liquidity of the Fund and the ability to discharge debts.
- d) The investment strategy should be documented, and retained with the Fund's documents. Every review of the investment strategy should also be documented.

9.2 Prohibited Investments

- a) There are rules regarding the assets that the Trustee of the Fund, as an SMSF, can invest in. Some investments are prohibited or restricted.
- b) For example, unless an exception applies, an SMSF can only invest a maximum of 5% of its assets in "in-house" assets. An "in-house asset" of a superannuation fund is an investment of the fund that is a loan to,

or an investment in, a related party of the fund, an investment in a related trust of the fund, or an asset of the fund subject to a lease or lease arrangement between the trustee of the fund and a related party of the fund.

- c) An SMSF is also prohibited from acquiring an asset from a related party of the fund unless the asset is of a kind specified as an exception in the superannuation law, eg, acquisition of business real property.
- d) Some examples of a related party include:
 - i) a member;
 - ii) the spouse of the member;
 - iii) other members of the fund; and
 - iv) other entities which the member controls or has a significant influence in.

This is not an exhaustive list of who is considered a related party or related trust under the SIS Act. Advice should be sought if there is any doubt.

- e) If the Fund enters into a prohibited investment or transaction, this can result in the Fund becoming non-complying (with potential increased tax liabilities) and/or penalties such as fines being imposed. The Trustee of the Fund will also generally be required to document a written plan to dispose of the investment.
- f) In addition, the Trustee must ensure that the income earned by the Fund is always at arm's-length or on commercial terms.

9.3 Prohibited Transactions

- a) The Trustee of the Fund, as an SMSF, is also prohibited from entering into certain transactions.
- b) For example, a trustee is limited to borrowing only in certain circumstances. A trustee must also not lend money or provide financial assistance to a member or a relative of the member.

10. FAMILY LAW

- a) Under the Family Law Act (Cth), the Trustee may be required to:
 - i) provide information regarding a Member's accounts to the spouse of the Member; and/or
 - ii) divide or split a Member's benefits with their spouse; and/or
 - iii) flag a Member's benefits so that before they are released, further information or steps may need to be provided or taken.

- b) In certain cases, the Trustee must provide the spouse with the information without informing the Member, although in most cases in an SMSF, the member will also be a trustee or director of the trustee company.

11. CORPORATIONS LAW

- a) The Trustee of the Fund must also comply with the Corporations Law.
- b) The Trustee must provide a product disclosure statement to each new member of the Fund. This is to enable the member to be fully informed about the nature and interest of their membership in the Fund and to explain to the member such things as the advantages and disadvantages of having their superannuation in the Fund.
- c) Whenever there is a change in circumstances or a significant event occurs in relation to the Fund, the obligation is on the Trustee to inform the member of the change. The Trustee can do this by way of providing a supplementary product disclosure statement to the Member.
- d) There is no requirement to provide a product disclosure statement in an SMSF context if the trustee believes on reasonable grounds that the member has received, or has, and knows that they have access to, all of the information that the product disclosure statement would be required to contain.
- e) Other obligations on the Trustee under the corporations law include the provision of periodic statements to the Member.

12. TAXATION ISSUES

12.1 Tax File Numbers of Members

- a) The Trustee is required to seek the Tax File Number ("TFN") of each member, and is authorised to collect and use a TFN for the following purposes:
 - i) finding benefits;
 - ii) calculating tax;
 - iii) passing the TFN to another trustee when transferring or rolling over benefits of a Member to another fund; and
 - iv) passing the TFN to the Australian Tax Office if a member is paid a benefit.
- b) If a Member does not provide their TFN to the Fund:
 - i) Members will not be able to make non-concessional contributions to the Fund; and

- ii) Concessional contributions will be taxed at the highest marginal tax rate plus the Medicare Levy (instead of just the 15% contributions tax).

12.2 Taxation of Benefits in the Fund

- a) The following information relates to a complying superannuation fund, and is of a general nature only. Each Member and the Trustee should seek advice from a tax advisor in relation to their particular circumstances.
- b) Concessional contributions that are within the contributions cap are taxed on the way into the Fund at the rate of 15% for individuals earning less than \$300,000 per annum. Individuals earning more than \$300,000 per annum will be taxed at the rate of 30% on concessional contributions made to the Fund. Non-concessional contributions that are within the contributions cap are not subject to tax when a contribution is made to the Fund.
- c) Generally, investment earnings in the Fund in respect of amounts in the contributions phase are taxed at maximum of 15%. Certain concessions and rebates, such as capital gains tax discounts and dividend imputation credits may reduce this rate. Higher tax rates apply if the income is non-arm's length income.
- d) Investment earnings in the Fund in respect of amounts funding a pension are not taxed.

12.3 Components of a superannuation benefit

- a) A superannuation benefit comprises of a maximum of two components:
- a tax-free component; and/or
 - a taxable component
- b) The tax-free component comprises the total value of:
- the contributions segment – which includes all contributions made from 1 July 2007 which have not been included in the assessable income of the Fund (eg, non-concessional contributions); and
 - the crystallised segment – which includes the components of an interest as at 30 June 2007 which are part of the tax-free component, eg, undeducted contributions and the pre-July 1983 component.

- c) The taxable component is the total value of superannuation benefits less the tax-free component. The taxable component may consist of two components, being the element taxed in the fund (which is subject to tax at the time the contributions were made and upon earning) and the element untaxed in the fund (usually arising in public sector superannuation plans and in the case of death benefits, life insurance proceeds paid into the Fund).

12.4 Taxation of Benefits Paid to a Member - Lump Sums

- a) The rates applicable to payments made to or for a member from a complying superannuation fund are outlined in the following table:

Age of Member	Tax-Free Component	Taxable Component - Element Taxed in the Fund	Taxable Component - Element Untaxed in the Fund
60 +	0%	0%	15% on amount which does not exceed the Untaxed Plan Cap Amount; Top marginal rate on amount which exceeds Untaxed Plan Cap Amount
Preservation Age but under age 60	0%	0% up to Low Rate Cap; 15% on amount which exceeds the Low Rate Cap	15% up to Low Rate Cap; 30% on amount above Low Rate Cap up to Untaxed Plan Cap Amount; Top marginal rate on amount which exceeds Untaxed Plan Cap Amount
Below Preservation Age	0%	20%	30% on amount which does not exceed the Untaxed Plan Cap Amount; Top marginal rate on amount which exceeds the Untaxed Plan Cap Amount

- b) The Low Rate Cap for the 2015/2016 financial year is \$195,000. It is indexed annually. The Low Rate Cap can apply to both the element taxed in the fund and the element untaxed in the fund for the taxable

component, firstly applying to the element taxed and then to the element untaxed in the fund.

- c) The Untaxed Plan Cap Amount for the 2015/2016 financial year is \$1,395,000.
- d) The Medicare levy also needs to be added to any superannuation benefit payable that has a tax rate greater than 0%.

12.5 Taxation of Benefits Paid to a Member - Pensions

The taxation of benefits paid to members of the Fund as income streams (ie, pensions) is as follows:

- a) If the member is aged 60 or over, the superannuation income stream benefit will be tax-free. However, if the benefit comprises an untaxed element in the fund, this element will be assessable income and a 10% tax offset is available.
- b) If a member has reached their preservation age but is under 60 years of age, the taxable component of the superannuation income stream benefit is assessable income. The member is, however, entitled to a tax offset of 15% on the element taxed in the fund. There is no tax offset on the element untaxed in the fund. The tax-free component of the income stream will be tax-free.
- c) If a member is under preservation age, the taxable component is assessable income and taxed at marginal tax rate. If the income stream is a disability superannuation benefit, a tax offset equal to 15% of the taxable component of the taxed element of the benefit is available. The tax-free component is tax-free.

12.6 Death Benefits

- a) Superannuation death benefits can only be paid to persons who are dependants within the meaning of the SIS Act or to the deceased member's legal personal representative. Superannuation dependants include:
 - i) the spouse of the Member (including same sex couples);
 - ii) the children of the Member, regardless of age (this includes adopted children, ex-nuptial children, step-children and a child of the person's spouse);
 - iii) persons who were financially dependant on the Member at the time of the Member's death; and
 - iv) any person with whom the Member has an Interdependency Relationship.

- b) There are different tax rates applicable to payments of a death benefit as a lump sum which will depend upon the recipient of the death benefit and whether the death benefit comprises life insurance. In summary:
- i) persons who are “death benefits dependants” under the Tax Act can receive lump sum death benefits, tax-free, whether the Member’s superannuation benefit comprises the tax-free and/or taxable component. Death benefits dependants are:
 - the spouse or former spouse of a member (the definition of spouse is the same as the definition in the SIS Act); or
 - children under the age of 18 years (the definition of child is the same as the definition in the SIS Act); or
 - a person who was dependent on the deceased just before they died; or
 - a person who was in an Interdependency Relationship with the deceased just before they died.
 - ii) Persons who are not death benefits dependants will have tax withheld from the component of a lump sum death benefit paid to them which comprises the taxable component. The rate which applies is 15% on the element taxed in the fund and 30% on the element untaxed in the fund. The Medicare Levy needs to be added to these tax rates. The tax-free component, even if paid to a non-death benefits dependant will be tax-free.
- c) The taxation of an income stream received by a death benefits dependant because of the death of the person depends on the age of the deceased and/or the death benefits dependant.
- i) A superannuation income stream benefit received by a death benefits dependant is, apart from the element untaxed in the fund on the taxable component, tax-free if:
 - the recipient is aged 60 years or over when the benefit is received; and/or
 - the deceased died aged 60 years or over.

The element untaxed in the fund is assessable income and a tax offset equal to 10% of the element untaxed in the fund applies.
 - ii) If the deceased died aged under 60 and the death benefits dependant is also aged under 60:

- the tax-free component of the superannuation income stream benefit is tax-free;
 - a 15% tax offset is available to the death benefits dependant on the taxed element of the taxable component of the benefit, however, no tax offset is available on the element untaxed in the fund.
- d) A superannuation income stream benefit is not able to be paid to certain dependants of a member (see section 13).
- i) The following applies to death benefits paid to the Member's estate:
 - ii) If a member's death benefits dependants who are beneficiaries of the estate have benefited, or are expected to benefit from the death benefit paid to the estate, then the benefit is treated as if it had been paid to the death benefits dependant and is accordingly, tax-free.
 - iii) If a member's non-death benefits dependants are beneficiaries of the estate and they have benefited, or are expected to benefit from the death benefit paid to the estate, the benefit is taxed as if it was paid directly to a non-death benefits dependant.

13. ESTATE PLANNING

- a) The Will of a Member does not directly deal with superannuation death benefits.
- b) If a Member dies, the amount and type of benefit available to be paid out will depend upon whether they were taking a pension or not, and if so, what the terms of that pension are.
- c) The person or persons who receive the death benefit will depend upon:
 - i) subject to the superannuation law, the terms of any pension started by the Member during their lifetime; and/or
 - ii) whether a valid binding nomination has been left by the Member; or
 - iii) who the Trustee determines should receive the benefit (utilising its discretion).
- d) A binding nomination made by the Member (if valid) will require the Trustee to pay the death benefit in the manner dictated. A non-binding nomination may be taken into account by the Trustee but they are not bound to follow it. The Member can direct their death benefit to be paid to any one or more of their superannuation dependants and their legal personal representative (ie, their executor or administrator) to be dealt

with as part of their estate, subject to complying with any restrictions imposed by the SIS Act and/or Tax Act.

- e) It is important that each Member reviews their estate planning to ensure that their superannuation benefits pass as they intend, and taking into account the tax consequences.
- f) There can also be different tax consequences depending on the recipient of the death benefits, the form of the benefit and the components of the Member's benefit and each Member or dependant who is to receive the death benefit should obtain their own advice in this regard.
- g) Whilst a lump sum death benefit can be paid to any person who is a dependant under the SIS Act and/or the estate of the deceased, there is a restriction on who a pension can be paid to as a death benefit. If a member dies on or after 1 July 2007, the recipient of a pension can only be:
 - a person who is a dependant of the member under the SIS Act; and
 - in the case where the dependant is a child of the member:
 - is less than 18 years of age; or
 - being more than 18 years of age:
 - is financially dependent on the member and less than 25 years of age; or
 - has a disability of a kind described in subsection 8(1) of the *Disability Services Act 1986*.
- h) If a pension is able to be paid to a child as outlined above, the pension benefit must be cashed as a lump sum on the day on which the child attains age 25 (unless it is commuted earlier) unless the child has a disability of the kind described in subsection 8(1) of the *Disability Services Act 1986*.

14. DISPUTE RESOLUTION

- a) Any complaint should initially be addressed to the Trustee.
- b) If the complaint remains unresolved, the Member should seek independent legal advice.
- c) A Member of the Fund is not able to take their dispute to the Superannuation Complaints Tribunal as an SMSF is not subject to the tribunal's jurisdiction.

15. OTHER MATTERS

- a) Unless specified below, there are no labour standards or environmental, social or ethical considerations which have been taken into account in the establishment and operation of this Fund.
- b) There may be other matters which affect or may affect a Member's interest in the Fund which are not specifically referred to in this PDS. If the Trustee considers there are other factors which the Member should be aware of regarding their interest in the Fund, these factors should be detailed below:

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- c) If the Trustee is required to notify the Member of any significant changes or events arising during the membership in the Fund, the Trustee will provide this information to the Member in a Supplementary Product Disclosure Statement.

16. DEFINITIONS

"gainfully employed on at least a part-time basis" means: gainful employment of at least 40 hours in a period of not more than 30 consecutive days in a particular financial year.

"Interdependency Relationship" means, subject to certain exceptions, a relationship between two persons where the persons have:

- a) a close personal relationship; and
- b) they live together; and
- c) one or each of them provides the other with financial support; and
- d) one or each of them provides the other with domestic support and personal care.

"Preservation Age" means

- e) for persons born before 1 July 1960 - 55 years; or

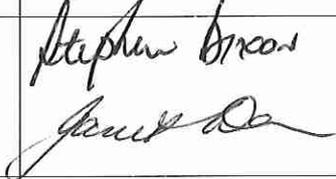
- f) for persons born during the year 1 July 1960 to 30 June 1961 - 56 years; or
- g) for persons born during the year 1 July 1961 to 30 June 1962 - 57 years; or
- h) for persons born during the year 1 July 1962 to 30 June 1963 - 58 years; or
- i) for persons born during the year 1 July 1963 to 30 June 1964 - 59 years; or
- j) for persons born after 30 June 1964 - 60 years.

"SIS Act" means the *Superannuation Industry (Supervision) Act 1993* (Cth) and any regulations made pursuant to that Act.

"Tax Act" means the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) (as the case may be) and any regulations made pursuant to those Acts.

17. SCOPE OF THIS PDS

This PDS has been prepared on the basis that the trust deed governing the rules of the superannuation fund is a **MOORES** trust deed. The PDS may not be applicable for any other form of deed as the provisions will differ. **MOORES** therefore disclaims all liability arising from using this PDS with any other trust deed.

Trustee and Member	Signature	Date
Signed by or on behalf of the Trustee		28/02/2016
Signed by the Member		28/02/2016