

portfoliofocus

SMSF

Product Disclosure Statement



Self Managed Super Funds
1300 031 631

Portfoliofocus Self Managed Super Fund

Portfoliofocus SMSF is marketed and distributed by Portfoliofocus Pty Ltd (Portfoliofocus), ABN 40 098 278 589. Portfoliofocus is not the issuer of the Portfoliofocus SMSF. Portfoliofocus markets and distributes the Portfoliofocus SMSF under an agreement between Portfoliofocus Pty Ltd and smartsuper Pty Ltd (ABN 47 003 822 339, AFSL 247120). Portfoliofocus is not an agent of smartsuper Pty Ltd, and has no authority to bind or make statements on behalf of smartsuper Pty Ltd or any of its related entities. Portfoliofocus Pty Ltd is an Authorised Representative of Infocus Securities Australia Pty Ltd (ABN 47 097 797 049, AFSL No 236523).

A trustee of a self managed superannuation fund (SMSF) is responsible for ensuring that it satisfies all of its obligations, including any disclosure obligations to members in relation to the fund.

The trustees are to establish or have established an SMSF for the members (Fund). The trustees are required to issue this Product Disclosure Statement (PDS) to members of the Fund.

This PDS follows requirements set by the Corporations Act 2001 (Corporations Act). It will help you to:

- decide whether an SMSF and the administrative service to be provided to the trustee(s) of your Fund will meet your needs and
- compare the administrative service with other products or services you may be considering.

References in this PDS to 'we', 'us' and 'our' are to smartsuper Pty limited ABN 47 003 822 339, AFSL 247120 (smartsuper).

smartsuper is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827) and a member of the Perpetual Group (Perpetual), which has been in operation for more than 120 years.

We have prepared this PDS on behalf of the trustees. Neither Portfoliofocus nor smartsuper are the issuers of this PDS.

'Fund' means your SMSF to be specified in the application forms included with this PDS, which are to be completed by the trustees.

References to 'you' or 'your' and 'member(s)' or 'trustee(s)' are to members/trustees and prospective members/trustees of a Fund using the Service, as the context requires, as specified in the application forms.

References to 'the law' are to the Superannuation Industry (Supervision) Act 1993 (SIS), the Corporations Act, Regulations made under these Acts, general trust law and any other applicable laws.

This PDS is only available to persons receiving it (electronically or otherwise) in Australia.

If you make this PDS available to another person, you must give them the entire electronic file or printout, including the application forms.

If we become aware of any change that is materially adverse, we'll prepare a replacement PDS or supplementary PDS. You should keep a copy of the current PDS and any supplementary PDS for future reference.

Members' interests in their Fund are subject to investment risk. These risks may include the loss of income and capital invested.

Neither Portfoliofocus, Perpetual, smartsuper nor any of their associates or officers guarantee that you'll earn any return on your Fund's investments or that your investment will gain in value or retain its value.

The information contained in this PDS is of a general nature only. It is factual information only, based on legislation current as at the issue date of this PDS. No responsibility is accepted for any loss created as a result of subsequent legislative changes.

This PDS does not take into account any member's particular investment objectives, financial situation or needs. We recommend that you obtain professional advice from a financial and/or tax adviser, taking into account your own objectives, financial situation and needs, before deciding to use the Service.

Applications to use the Service may only be made on the relevant application forms provided in the current PDS.

All amounts in this PDS are in Australian dollars (unless otherwise specified). A business day is a working day for smartsuper.

Contents

General information	2	Further information	27
Introduction	2	Terms and conditions for administration services	27
The main participants	3	Complaint procedures	30
Application process	4	Communications	30
		Death benefits	31
		Family law	32
		Investments and social security	32
Investments	6		
Investment risks	6		
Managing investment risks	7		
Your Fund's investments	8	Forms	33
Other risks	9	Cover Page and Checklist	33
Establishing your Fund	9	Fund application	35
Winding up your Fund	10	Authority Form	37
		Administration fee direct debit request	39
		Fee confirmation	40
		Investment strategy selection form	41
		Member application form	43
		Rollover request form	51
		Rollover – in specie transfer	53
Accumulation accounts	11		
Overview	11		
Superannuation choice of fund	11		
Operating your Fund	11		
Benefits and preservation	13		
Insurance	14		
Pension accounts	15		
Overview	15		
Eligibility	15		
Account based pensions	15		
Term allocated pensions	16		
Death benefits	17		
Fees and other costs	18		
Did you know?	18		
Fees and other costs	18		
Additional explanation of fees and costs	21		
Examples of annual fees and costs	22		
Tax	24		
Accumulation accounts	24		
Pension accounts	25		
General	25		

General information

Introduction

About self-managed superannuation

Superannuation funds are long-term savings vehicles designed to help provide an income to you in retirement. They offer a number of tax concessions, for example:

when you contribute, you can invest 'before tax dollars' through salary sacrifice or claim a tax deduction in some circumstances for personal contributions

while your money is invested, you benefit because complying superannuation funds are concessional tax, with a maximum tax rate of 15% and

when you receive the benefits, you generally won't pay any tax on them if you are aged 60 and over.

SMSFs are flexible vehicles that can enable you to effectively manage your retirement assets. SMSFs can have up to four members, and give the members the ability to invest their super directly into a wide variety of assets, including shares and real estate. They also allow members more influence over the way their SMSF is managed, and the benefits it provides.

About the Service

As the trustee of your SMSF, you are responsible for the administration, management and compliance of your Fund.

The Service is designed to assist trustees of SMSFs to effectively manage the operations and compliance of their fund. The Service provides the administrative support you'll need as a trustee.

This Service consists of two elements being establishment of the SMSF and fund administration. It operates on the basis that we act as your administrator for a new SMSF that we assist you to establish, or we become the administrator of your existing SMSF. Each member may have a range of different accounts within the SMSF providing for a range of superannuation and pension benefits. In some cases your Fund may also maintain reserves.

An adequate income is fundamental to enjoying your retirement years. Retirement income streams paid from your Fund allow you to retain more control over your capital and investments than most other types of retirement income streams.

The Service extends to the establishment of your Fund, administering your member benefits, tax and regulatory needs (please refer to page 27 for further details). This leaves you free to focus on your Fund's investments, and to tailor your Fund to provide the benefits most appropriate to your needs. Your financial and/or tax adviser can also assist you in this regard.

The investment strategies available with an SMSF give you more investment control, allowing you to tailor investments to better meet your needs and expectations.

The main participants

The Fund

The Service is only available for SMSFs, which must have all the following characteristics:

- up to four members
- all members of the fund are trustees of the fund or directors of the corporate trustee and there are no other trustees or directors (certain exemptions are available for single member funds)
- no member is an employee of another member unless they are related and
- the trustees are not paid for performing their duties as trustees.

You'll need to establish a trust for your Fund that meets the SMSF rules under the law. This is more complex in the case of single member funds (see 'Members' section).

We recommend that you speak to a financial adviser or superannuation specialist to help ensure that your Fund meets the SMSF definition.

Trustee

We'll assist you in the following key areas to make your role as trustee much easier for:

- establishment of the Fund
- administration of the Fund
- compliance
- reporting.

As trustee, you have sole responsibility for the operation, management and compliance of your Fund, including the lodgement of tax and other regulatory returns and the preservation and payment of benefits. This is a complicated task, with serious implications if you get it wrong. As trustee of your Fund you are required to understand your responsibilities and ensure that they are properly discharged.

There are a number of covenants contained in superannuation law that impose minimum requirements on trustees and are deemed to be included in the trust deed of every regulated fund. These covenants reflect the duties imposed on a trustee under trust law in general. The covenants bind trustees to:

- act honestly in all matters
- exercise the same degree of care, skill and diligence as an ordinary prudent person would exercise when acting on behalf of others
- act in the best interest of the fund members
- keep the assets of the fund separate from other assets (eg the trustee's personal assets)
- retain control over the fund so that the trustee's powers and functions are not hindered
- develop and implement an investment strategy that meets certain standards
- allow members access to certain information.

Each trustee of an SMSF is also required to complete a 'Trustee declaration' form issued by the Australian Taxation Office (ATO). The declaration aims to ensure that new trustees (or directors of corporate trustees) are aware of their duties and responsibilities under superannuation law. We prepare this declaration for you to sign as part of the fund establishment process.

The Service is designed to make your role easier, but it cannot replace certain aspects of your duties as a trustee.

Certain people may be disqualified from acting as a trustee under the law. Minors (under 18 years old) and other people who are under a legal disability cannot be fund trustees however their personal legal representative can act in their place. You should seek professional advice in this regard.

Members

You must operate in two capacities, one as trustee of your Fund and the other as a member. The Service helps you perform the trustee role and comply with the law.

The key difference between SMSFs and other private superannuation funds is that all of the members of SMSFs must also be the trustees, except in the case of single member funds. Special rules apply to single member funds as follows.

The member must:

- be the sole director of the trustee company or
- be related to the other director of the trustee company and the member is one of only two directors of that company or
- not be an employee of the other director of the trustee company and the member is one of only two directors of that company.

If the single member SMSF does not have a corporate trustee, the fund must have two individuals as trustees. The member must be the trustee with:

- another person who is a relative of the member or
- any other person provided the member is not an employee of that person.

Administrator

We have a dedicated team which specialises in SMSF administration. The administration team is responsible for ensuring that your Fund's establishment and administration runs as smoothly as possible.

For your Fund this means we handle most of the paperwork associated with the administration of your Fund.

Your financial adviser

Your financial adviser will typically be actively involved with your Fund and, as such, our services assist them in their role of providing a service to you.

Auditor

All SMSFs are required to have the financial accounts and statements of the fund audited each year by an approved auditor. The approved auditor is also required to assess the fund's overall compliance with the law.

They must also notify the SMSF trustee of any concerns they have about the SMSF's financial position or compliance with the law. If they are not satisfied that the trustees have taken appropriate action to rectify any issues raised they must inform the ATO.

The trustees can appoint any approved auditor to perform the Fund audit, however we have arrangements in place where we can refer you to our preferred SMSF auditor to conduct the audit for you.

Application process

Setting up a new SMSF

We provide the necessary documents required for the establishment of your Fund. The documentation includes:

- trust deed (original and copy)
- trustee minutes and resolutions
- member application forms
- declaration of capacity to be trustees/trustee directors
- declaration of understanding of responsibilities by trustees/trustee directors
- investment strategy for completion
- statement of compliance and
- instructions on the establishment and lodgement process.

There are a number of matters requiring attention when establishing your Fund. The key steps in joining the Service are:

Step 1: The application

Attached to the back of this document is an application form for the Service. It is important that the information requested on the form is fully completed. This information is essential to the establishment and ongoing administration of your Fund.

Once completed forward the application form to us and your Fund's establishment documentation will be prepared. By completing the application you are applying to formally appoint us as administrator of your Fund in accordance with the terms and conditions contained in this document.

Step 2: Establishment documentation

There are a number of documents that are required to ensure your Fund is appropriately established. We'll generally prepare these documents and forward them to you, as trustee, for your review and execution. Your adviser will be able to assist you with this process.

The trust deed

Your Fund is governed by a set of rules known as the trust deed.

For new SMSFs a trust deed is sourced from our preferred legal supplier unless you advise otherwise.

Once the trust deed is signed by the trustees and stamp duty (if applicable) has been paid, the governing rules of your Fund are in place.

Product disclosure statement (PDS) requirements

SMSF trustees are required to give new fund members (including themselves) a PDS unless they are satisfied that the member has received or has access to all of the information that would have been contained in the PDS.

This document has been designed to help you satisfy those PDS requirements, however you may need to provide new members with additional information, particularly if you have chosen not to adopt a trust deed drafted by our preferred legal supplier.

As trustee of your SMSF you should seek professional advice as to what PDS requirements may apply to your Fund, and the extent to which this PDS may satisfy them for you.

Cash account

You will need to set up a suitable cash account or working account for your Fund. You may use any bank account or cash management trust (CMT) as the cash account for your Fund, however we do have a preferred CMT. Please contact us on 1300 031 631 for further details.

Step 3: Other requirements

Once the required documents have been properly signed, there are other issues that need attention. We will assist you by preparing:

- and lodging with the ATO an:
 - application for fund tax file number (TFN)
 - Australian business number (ABN) application
 - election to become a regulated fund
- trustee resolutions and minutes to meet establishment requirements
- membership application forms for all Fund members
- statutory declarations for eligible trustees as required under the law
- a statement of compliance
- an auditor appointment minute and
- the appointment of a tax agent.

Transactional documentation

To make sure that we can reconcile your Fund's cash account and transactions each month, we need to receive copies of any relevant documents.

Transferring an existing SMSF

If you have an existing SMSF, you may transfer this fund into the Service. This means that we may agree to become administrator of your Fund. The process involved is outlined below:

1. Assessment

We must first determine whether your SMSF is suitable for the Service. We'll send you a detailed checklist of the information that we need. In general, to make this assessment we'll need:

- completed application forms from all members
- a copy of the fund's original trust deed and all amending deeds
- a current list of all assets held by the fund
- a copy of the fund's most recent set of audited financial statements
- a copy of the regulator's acknowledgment that the fund is a regulated fund under the law
- details of the fund's ABN and TFN
- confirmation of whether the fund is registered for GST and
- contact details of your previous fund administrator.

The application form contains more details on the information that we will need. Once we have reviewed the information provided, we'll advise you of any further requirements.

2. Legal documentation

We recommend that all trust deeds for SMSFs using the Service be prepared and reviewed by our preferred legal supplier to ensure ease of compliance, monitoring and update.

For existing SMSFs, we can arrange for the trust deed to be reviewed and amended by our preferred legal supplier to ensure it is adequate and complies with the law.

Once the trust deed has been amended to the standard, our preferred legal supplier will continue to provide updates and changes when needed.

If the Fund does not adopt our standard recommended deed rules, we assume no responsibility for organising updates to the trust deed until such time as it is upgraded to the standard.

Similarly, if your Fund does not adopt our preferred standard deed, it may not be able to offer the full range of features and benefits as described in this PDS.

We assume no responsibility for the content of the trust deed of a fund using the Service as to whether it is adequate or complies with the law.

You should speak to your financial and/or tax adviser before executing any deed of amendment as there may be stamp duty and CGT consequences particularly if the amendments are such that the old fund is taken to have been replaced by a new SMSF (sometimes referred to as a resettlement).

3. Collate and reconcile fund information

We must establish and confirm the fund's present position. This involves recording all of the fund's transactions from the most recent audit up to the present date in our system. At the same time we confirm the CGT history of the assets and the exact asset holdings.

The length of time that this will take to complete will depend for example on the types of assets held, the frequency of purchases and sales and dividend reinvestment and other relevant transactions, as well as the quality of the data received.

If we find that prior work is incomplete or requires rectification, we'll inform you and provide an estimate of the cost for us to complete that work.

You will also need to make sure that we receive a copy of all statements and transaction notices for your Fund's investments.

4. Funds paying pensions

Where an existing fund is paying a pension, we'll require full details about the pension including TFN and declaration forms lodged on commencement, together with details of the current year pension calculations.

5. Funds with insurance policies

Where a fund provides insured benefits for a member, you'll need to arrange for correspondence to be sent to us.

6. Takeover completion

Once the fund is established within the Service, your SMSF is fully operational.

Investments

Investment risks

As trustee of your Fund, you are required to provide all of the information that would be contained in a product disclosure statement to members of your Fund.

All investments are subject to risk which means the value of your Fund's investments may rise or fall and/or you may not be able to withdraw your investment within the expected timeframe.

Before making an investment decision, it is important to understand the risks that can affect the value of your Fund's investments. While it is not possible to identify every risk factor relevant to investing, we have outlined below some of the significant risks that may apply to the investments you may choose for your Fund.

The risk information contained in this PDS is of a general nature only. You should also obtain specific information about the risks associated with any particular investments that you may choose for your Fund.

Your financial adviser can assist you in determining appropriate investments for your Fund.

Type of risk	Description of risk
Investment risk	The value of your investment may fall for a number of reasons, including the risks set out below, which means that you may receive back less than your original investment when you withdraw.
Market risk	Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological, political, legal, tax or accounting conditions, as well as market sentiment.
Asset risk	A particular asset that a fund invests in may fall in value, which can result in a reduction of your investment.
Currency risk	For investments in international assets, which have currency exposure, there is potential for adverse movements in exchange rates to reduce their Australian dollar value. For example, if the Australian dollar rises, the value of international investments expressed in Australian dollars can fall.
Interest rate risk	Changes in interest rates may have a negative impact, either directly or indirectly, on investment returns.
Credit risk	The issuer or party to a transaction may not repay the principal, make interest payments or fulfil other financial obligations in full and/or on time. The market value of an investment can also fall significantly when the perceived risk of a note or bond increases or its credit rating declines.
Liquidity risk	The absence of an established market or shortage of buyers for an investment can result in a loss if the holder of the investment needs to sell it within a particular timeframe. A shortage of liquidity can also result in delays in the payment of withdrawals from a fund.
Derivatives risk	Losses can occur if there is an adverse movement in the asset underlying the derivative or where a derivative is costly to reverse.
Counter-party risk	A loss may occur if the other party to a contract, including derivatives contracts, defaults on their obligations under the contract.
Foreign law and regulatory risk	Investing in foreign markets with different legal and regulatory systems means that foreign investments may be exposed to more risk than Australian assets because of potential changes in legal and regulatory policies.
Portfolio concentration risk	Investing in a portfolio with a smaller number of investments may lead to more volatile returns than investing in a more diversified portfolio.
Investment strategy risks	A fund's investment strategy may involve specific risks. These include gearing risk (see page 7). You should also refer to the relevant disclosure document for details about any specific investment strategy risks.

Gearing risk

The law allows your Fund to use gearing (eg via instalment warrants) as an investment strategy provided certain rules are met.

While gearing can result in larger investment gains in a rising market, it is also likely to magnify losses in a falling market.

Gearing increases the volatility of investment returns. Consequently, a geared investment is considered to have a higher investment risk than a comparable investment that is not geared.

The returns on a geared investment depend on the underlying type(s) of investments as well as the level of gearing and the costs of borrowing, including interest rates.

The greater the level of gearing, the greater the potential for loss of capital. Consequently, the greater the level of gearing, the less the fall in asset value needs to be for a greater loss of your investment capital.

Member directed investment risk

You choose the underlying assets for your Fund. There is a risk that the assets you select may not meet your investment return expectations, and may fall in value. There are also risks that your member's portfolio under the chosen investment strategy may not be adequately diversified or sufficiently liquid to meet your individual needs.

Managing investment risks

While you cannot eliminate investment risks for your Fund, it is important to consider your individual investment timeframe, your investment objectives and your individual risk tolerance. Choose your Fund's investments carefully.

We recommend you consult your financial adviser to assist you with your choice of investment strategy, investments and risk tolerance. This will help you with your choice of investments for your Fund and the level of diversification you need. Diversifying your Fund's investments can help to reduce both risk and the volatility of investment returns.

Selecting suitable investments

Your financial adviser can provide you with advice on which investments for your Fund are best suited to your circumstances. There are several important considerations when making your selection:

- **Risk profile:** Different types of investments have different levels of expected risk and return. Likewise members have varying degrees of risk tolerance. Before you make your selection, it is important to understand your own risk profile in order to match your risk and return expectations with those of the investments you select for your Fund. This is because there is no one asset class or investment that consistently outperforms the others each year.

- **Investment time horizon:** If you only plan to be invested for a short period of time you may consider investments with low or medium volatility as their returns typically do not fluctuate widely. Choosing investments with low volatility means that if you have to withdraw your benefit at a particular time, there is less chance of it being worth less than when you first invested. On the other hand, if you are planning to invest for a longer period of time and have the flexibility in electing the time for your withdrawal, you may wish to consider investments with higher volatility.

- **Risk tolerance:** Risk tolerance is your ability to cope with potential losses on your investments. If you are more concerned with the security of your investments than the level of returns, you'll generally be considered to be a conservative investor. The more willing you are to sit out the ups and downs in the market in order to achieve your desired returns, the higher your risk tolerance.

- **Return expectations:** To achieve returns greater than the cash or fixed interest bond rates you need to be able to withstand possible low returns as well as high. While investments in Australian and international shares have had periods of very high returns, these have sometimes been followed by periods of low or negative returns. If you want to achieve the high returns over the long term then you must be prepared to accept the low returns as well as possible negative returns in the short term.

Diversification

Diversifying your Fund's investments can help reduce the volatility of investment returns and the risk of poor returns. While having a diversified portfolio can mean your best performing investment offsets the worst, the reverse also holds in that your worst performing investment can offset the best.

You can diversify your Fund's investments in several ways:

- **Across different asset classes:** You can diversify by spreading your Fund's investments across the different major asset classes such as shares, property, fixed interest and cash. Since each asset class has its own volatility and return characteristics, by combining them you can tailor the range of investments to help meet your needs.
- **Across several assets within the one class:** You can diversify your Fund's investment across a range of assets within the one class such as shares. Assets within the same class can have differing volatility and return characteristics. Combining them within your portfolio can help diversify the asset risk of the individual asset and reduce the reliance upon one asset in particular.
- **Across several investment managers (for managed funds):** Investment managers have different investment styles which may lead to variations in returns in various market conditions. Diversifying across investment managers can reduce the reliance upon one style.

Your Fund's investments

We recommend that you seek financial advice in relation to your Fund's investments.

Formulating your Fund's investment strategy

Your Fund must have an investment strategy which is based on the objectives your Fund seeks to achieve. As your Fund's trustee, you must formulate and implement this investment strategy.

Issues to consider when formulating your Fund's investment strategy include:

- the risk and likely return from the types of assets held
- diversification (the range of investments within the portfolio)
- liquidity of investments (the ease with which they can be sold to meet cash needs) and
- the ability to meet fund expenses and obligations to members.

An appropriate investment strategy will set out the investment objectives of the SMSF and detail the investment methods the Fund will adopt to achieve these objectives.

In your capacity as trustee, you need to be aware that implementing a poor or inappropriate investment strategy may result in your investments not meeting your needs.

Setting an investment strategy for a super fund should be looked at in the same way as setting an investment strategy in any financial plan, that is, by having regard to the risk tolerance levels of the members and meeting their medium to long term objectives.

Typically, this will lead to the Fund adopting asset allocation ranges (or limits within different assets types) within which the Fund's investments will be made.

The ranges should be set so that investment strategy monitoring can be done in a meaningful manner. Wide ranges suggest either you have not thought about the strategy at all or that the Fund is going to be a heavy trader and hence have a highly speculative investment strategy. Asset allocation ranges are not a wish list but should be set so that the Fund can reasonably achieve them. An asset class allocation should not be selected just because you think you might invest in it one day.

Care needs to be taken to make sure your investment strategy provides for adequate liquidity. Factors to consider include whether the Fund is paying pensions, the level of income being generated from the assets and the level of fees, tax and expenses that the Fund has to pay.

We would suggest that a Fund using the Service should maintain cash holdings of a minimum of 2% of the fund size or \$10,000 (converted to a %) to allow for payments to be met without the need to redeem investments.

On establishing an SMSF within the Service an 'Investment strategy selection form' should be completed to indicate your Fund's chosen investment strategy. We will notify the trustees of any deviation from the chosen strategy on a quarterly basis. This will assist the trustees in choosing one of the following options:

- adjust the investment mix to align with the stated strategy or
- review the strategy and adopt an alternate one.

You will need to complete a detailed investment strategy to cover non-standard investments or where a large component of the Fund is invested in one asset. Please obtain a template for this from us or your adviser.

Selecting your investments

You should not make contributions or rollovers to your Fund until an investment strategy is in place.

Trustees must make sure all investment decisions are made in accordance with the documented investment strategy of the Fund.

Changing your investment strategy

As your circumstances change, you can select another investment strategy that more effectively meets your needs as a member by completing a new 'Investment strategy selection form'.

Investment restrictions

A key area of responsibility for trustees of SMSFs is investment management. Superannuation law places certain duties and responsibilities on trustees when making investment decisions. The following outline some of the investment restrictions under superannuation law.

Loans/financial assistance to members or a member's relative

Trustees of SMSFs are not allowed to provide lending or financial assistance from the fund to a member or a member's relative.

Borrowings

SMSFs are prohibited from borrowing money except in some limited circumstances. Trustees are able to borrow for a maximum of 90 days to meet benefit payments due to members as long as the borrowing does not exceed 10% of the fund's total assets.

Trustees can also borrow for a maximum of seven days to cover the settlement of security transactions if the borrowing does not exceed 10% of the fund's total assets. However, trustees cannot, as a matter of course, borrow to settle security transactions, unless at the time the transaction was entered into it was likely that the borrowing would not be needed.

Instalment warrants

Under section 67(4A) of the Superannuation Industry (Supervision) Act 1993 (SIS Act) superannuation funds are permitted to borrow to invest in instalment warrants under limited circumstances as long as certain conditions are met. It is recommended that appropriate tax and financial advice, including further information about the risks of gearing, are sought before implementing this type of strategy.

Acquisition of assets from a related party

Trustees of SMSFs are prohibited from acquiring assets from a related party of the fund. Limited exceptions to this rule exist, including where:

the asset is an in-house asset (see below) and would not result in the level of in-house assets of the fund exceeding 5% of the fund's assets, or is an asset specifically excluded from being an in-house asset

the asset is a listed security (eg shares, units or bonds listed on an approved stock exchange)

the asset is a 'widely held' unit trust

the asset is business real property. Business real property of an entity generally relates to land and buildings used wholly and exclusively in a business. Trustees are permitted to use up to 100% of a fund's total assets to acquire business real property, subject to diversification and liquidity considerations as outlined on page 7 and this page respectively.

In-house assets

An in-house asset is a loan to, an investment in, and leases with, a related party of the fund. In general, SMSFs are restricted from lending, investing or leasing more than 5% of the fund's total assets in related parties of the fund. Some exceptions do exist, including allowing an exemption for business real property which is subject to a lease between the fund and a related party of the fund and a limited exemption for certain investments in related non-g geared trusts or companies.

Related party of a fund

A related party of a fund covers all members of the fund and their associates and all employer sponsors of the fund and their associates. Associates of members would include their relatives, business partners and any companies or trusts that they control (either alone or with their other associates). Associates of employers would include business partners and any companies or trusts that the employer controls (either alone or with their other associates) or companies and trusts which control the employer

Investments to be made and maintained on an arms-length basis

Investments by SMSFs must be made and maintained on a strict commercial basis. The purchase and sale price of fund assets should always reflect a true market value for the asset. Income from assets held by the fund should always reflect a true market rate of return.

Liquidity and cash flow considerations

While it is possible to invest up to 100% of a fund's cash holdings, from a prudent management and investment perspective all funds should hold sufficient cash to cover expenses and taxes that are payable throughout the year. Where benefits are being paid additional cash reserves should be held to meet these requirements.

Other risks

Taxation

The rate of income, capital gains or contribution tax payable may change, or additional taxes applied, due to changes in legislation or government policy.

Access to benefits

Access to your superannuation may be further restricted by changes in legislation.

Lack of understanding

In your capacity as both member and trustee, you may not understand your obligations. This may result in unintended costs or fines and, potentially, the loss of the Fund's complying status.

Fraud

A trustee may defraud the Fund and/or the members.

Death of an individual trustee

In the event an individual trustee dies, investments need to be transferred into the names of the remaining trustees. This may give rise to tax or stamp duty being imposed, depending on the type(s) of investment(s) being transferred.

Establishing your Fund

Once your chosen investment strategy is accepted by the trustees, you can select investments for your Fund, either personally or through your authorised adviser.

To establish your SMSF through the Service, you must make either an initial contribution into the Fund's cash account or transfer existing assets into the Fund.

When your SMSF is fully established in the Service, you can then set up stockbroking, investment and online reporting arrangements for your Fund. Your financial adviser will help you with this.

We suggest that you meet with your financial adviser at regular intervals to discuss the progress of your Fund and its investments. If you don't have an adviser, you need to review your Fund on a regular basis, obtaining appropriate advice where necessary.

Initial contributions

You can make initial and additional contributions to your Fund by depositing money into the Fund's cash account. We will need a breakdown of the contribution from you and will contact you to obtain a breakdown each month.

You may use any bank account or CMT as the cash account for your Fund, however we do have a preferred CMT. Please contact us for further details.

The cash account is used to:

- collect any investment income
- pay our fees, adviser fees, other costs incurred in the administration of your Fund and any taxes that are due
- receive rollovers
- make pension and lump sum benefit payments
- buy Fund assets and
- receive the proceeds of any sales of Fund assets.

Disclosure for your investments

You'll need a copy of the disclosure document for any investment you wish to make for your Fund if one is required to be given to you before you make an initial or additional investment.

Your adviser will provide this when they make investment recommendations to you.

Mailing address for your investments

We reconcile your investment transactions with your cash account each month.

Listing us as a joint mailing address for correspondence on all your Fund's assets will help us reconcile your Fund quickly and easily.

You can help this process by also ensuring copies of any documents that you may receive relating to your Fund, such as bank and investment statements, dividend notices, ATO correspondence and purchase documents for real estate are also sent to us immediately.

Transferring existing assets

Where permitted by superannuation law, existing assets may be transferred into your Fund to consolidate your portfolio without needing to sell securities. Assets are transferred into the name of the trustee/s (as trustee/s of the Fund). This may result in a nominal amount of stamp duty being incurred. See 'In specie contributions' on page 12 for more details.

The asset information you provide will be used in the ongoing administration of your Fund. To ensure this information is reliable, we must be able to obtain details of the assets, including their CGT history, in a form acceptable to us at the time the assets are transferred.

Winding up your Fund

Your Fund will wind up (terminate) in a number of circumstances as governed by the trust deed. Generally however a fund will terminate if:

- all members request the trustees in writing to wind up the Fund or
- the trustees are removed or retire as trustee, and you have not appointed a replacement trustee after a specified period.

Upon receipt of a request from the trustees to wind up an SMSF we'll require notice of how the members' balances are to be treated (that is, rolled over or paid to the member). If a condition of release has not been met, the member's balance must be rolled over to another complying superannuation fund (see page 13 for further information on conditions of release). In some circumstances we may seek confirmation as to the receiving fund's complying status. In addition, as the SMSF is required to lodge all regulatory returns in the year in which it is wound up, money will need to remain in the Fund's cash account to meet any expenses or taxes that we anticipate will be incurred.

Where an SMSF is paying a term allocated pension the law does not generally allow the pension to be commuted and a lump sum paid to the member. In these circumstances we can only roll over the commuted pension to another complying fund (of your choice), in order to commence a new complying pension or complying annuity (of your choice).

Where the benefits have been paid out or rolled over from the Fund, we may require the members to indemnify us for any further expenses in relation to the wind up of the Fund.

The wind up process generally takes a minimum of six to eight weeks or longer, depending on how quickly the assets of the Fund can be realised. During this time we'll continue to charge our fees.

Accumulation accounts

Overview

Your contributions and rollovers form part of your individual member accumulation account within the Fund and are invested according to your selected investment strategy. Contributions paid by you or on your behalf, including benefits transferred from a former fund or employer, are credited to an account maintained in your name. The accumulation account is also credited with investment earnings including any realised and unrealised change in net market value and the proceeds of any insurance policies. It is also debited with administration and other charges including tax on income and contributions.

Your benefits may be paid when you satisfy a condition of release. 'Table 2 – Benefit payments' on page 14 provides details of the conditions of release.

Your benefit may be divided if you separate or divorce from your spouse (either by court order after legal proceedings between you and your spouse, or by agreement between you and your spouse) – see 'Family law' on page 32 for further information.

Your benefits can be paid to your estate or dependants if you die – see 'Death benefits' on page 31 for further information.

You may roll over your benefit to another superannuation fund which complies with the law.

Superannuation choice of fund

Many Australians may choose their own superannuation fund and direct their future employer superannuation guarantee contributions into their fund of choice.

To see if you are eligible, contact your employer, visit the Government's website at www.superchoice.gov.au or phone the ATO on 13 28 64.

Your employer's obligations

If super choice applies to you, and you are a new employee who commenced employment after 1 July 2005, your employer should provide you with a 'standard choice form' within 28 days of commencement of your employment with them.

Existing employees wishing to exercise choice of fund may also be able to obtain a 'standard choice form' from their employer, the Government's website at www.superchoice.gov.au or from the ATO on 13 28 64.

How to exercise choice of fund

The 'standard choice form' enables you to choose a superannuation fund to which your employer is to contribute.

To instruct your employer to make contributions on your behalf into your Fund, simply complete the 'standard choice form' with your Fund and member details and return it to your employer together with a letter confirming the complying status of your Fund.

Operating your Fund

Contributions

Once established, your Fund is able to accept contributions and rollovers. Contributions may be made by cheque, periodic payment or transfer of assets into the Fund according to the law. You must provide us with full details of all contributions made to your Fund so that we can ensure they receive the correct tax treatment.

Contributions are required to be allocated and fully vested in the relevant member.

If you wish to establish an SMSF pension using superannuation contributions, you'll need to make your contributions into an accumulation account within your Fund and then provide us with details for your pension and an instruction to commence your pension.

Provided you are eligible, you can start a new SMSF pension immediately using one or more rollovers from an existing superannuation fund. Alternatively you can transfer your existing SMSF into the Service and start a pension from it.

Superannuation rules are complex, which is why we recommend that you obtain appropriate professional financial and/or tax advice before deciding to make a particular type of contribution.

Eligibility to make contributions

Provided that you meet the eligibility conditions outlined in 'Table 1 – Who can contribute to superannuation' on page 12, contributions can be accepted by your Fund.

Table 1 – Who can contribute to superannuation

Your situation	Concessional contributions			After-tax contributions	
	Employer		Self-employed	Personal	Spouse
	SG1	Award			
You are under age 65. ²	✓	✓	✓	✓	✓
You are aged 65 to 69 (inclusive) and have worked at least 40 hours in a period of no more than 30 consecutive days during the financial year.	✓	✓	✓	✓	✓
You are aged 70 to 74 (inclusive) and have worked at least 40 hours in a period of no more than 30 consecutive days during the financial year.	✗	✓	✓	✓	✓
You are aged 75 or over.	✗	✓	✗	✗	✗

- 1 SG (Superannuation Guarantee) – Your employer is generally required to pay contributions on your behalf (currently 9% of your salary).
- 2 Contributions made by or on behalf of children (under 18 years of age) can also be accepted by the Fund. However, if the contributor is seeking to claim any amount of contribution as a tax deduction, then the child must be gainfully employed on at least a part-time basis.

Contribution limits

Subject to the above eligibility requirements, there are few restrictions on the amount of contributions that can be made into your Fund.

Concessional contributions

Concessional contributions generally include employer contributions (including superannuation guarantee and salary sacrifice) and personal contributions for which you claim a tax deduction.

The concessional contributions cap is \$25,000¹ per annum. However, if you are already aged 50 or turn 50 between 1 July 2009 and 30 June 2012, you can instead make concessional contributions up to \$50,000 (non-indexed) for each relevant year in this period that you are aged at least 50.

Excess concessional contributions attract additional tax (see page 24 for details) and also count towards your after-tax contributions limit (see below).

As trustees of your Fund you are responsible for monitoring your total concessional contributions against the cap.

1. This amount applies from 1 July 2009 and will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) once the increase in the indexed amount is greater than \$5,000.

After-tax contributions

These contributions are also referred to as ‘non-concessional contributions’.

The non-concessional contributions cap is \$150,000² for the 2009/2010 financial year. However, if you are under age 65 or turn 65 during the year, you can bring forward two years of after-tax contributions (that is, you could make after-tax contributions totalling \$450,000 in a financial year provided no such contributions were made in the following two years).

2. Beyond 2009/2010, this limit will be calculated at six times the concessional contributions cap noted above.

Excess non-concessional contributions attract additional tax (see page 24 for details).

As trustees of your Fund you are responsible for monitoring your total non-concessional contributions against the cap.

Any spouse contributions are counted towards the receiving spouse’s after-tax contributions limit.

Settlement proceeds received for an injury resulting in permanent disablement that meet the qualifying criteria³ are exempt from the after-tax contribution limit.

3. Two qualified medical practitioners must certify that as a result of the injury the individual is unlikely to ever be able to be gainfully employed in a capacity for which they are reasonably qualified, the contribution must be made to a superannuation fund within 90 days of the payment being received or the structured settlement coming into effect (whichever is later) and the individual must ensure that the fund is aware that the contribution is being made under this exemption before or when making the contribution.

Government co-contributions

Your Fund is able to receive any co-contributions paid by the Government on your behalf (see ‘Tax’ on page 24 for further information).

Small business capital gains

Small business owners who qualify for the small business CGT concessions may be exempt from the after-tax contribution limit. The proceeds from the disposal of eligible assets are exempt up to a lifetime limit of \$1.1 million for the 2009/2010 financial year (indexed).

There are a number of conditions which must be satisfied in order to qualify for this exemption. Accordingly, you should seek professional financial and/or tax advice before making any decisions or taking any action in relation to the application of this exemption to your small business assets.

In specie contributions

An in specie contribution is one where an asset, rather than cash, is contributed to your Fund. An in specie contribution can be made by you, your employer or your spouse.

It is important to note that superannuation funds are generally prohibited from acquiring assets from members or their related parties. However, there are some exceptions to this rule, including listed securities, widely held unit trust investments and ‘business real property’ which must be obtained at arm’s length and at market value.

If you would like to make an in specie contribution, you should contact us to ensure the contribution is allowed and to obtain further information about the process to be followed. Assets will be valued using applicable prices on the date the transfer is effected.

Contribution limits (see page 12 for details) also apply to in specie contributions and they will have tax consequences for the contributor. As recommended above, you should obtain appropriate professional financial and/or tax advice before proceeding.

Super contributions splitting

Members may elect to ‘split’ their concessional contributions with their spouse. Concessional contributions include superannuation guarantee and other employer contributions, salary sacrifice, and personal contributions for which you claim a tax deduction.

Super contributions splitting generally operates as follows:

- a member may apply to have a maximum of up to 85% of their concessional contributions made in any financial year transferred to a superannuation account in the name of their spouse
- the application by a member to transfer the contributions for a financial year can only be made after the end of that financial year (or during the financial year where the member’s entire benefit is being withdrawn from the fund), and must be made in writing and given to the fund to which the member’s contributions were paid
- the member’s application must contain a statement by their receiving spouse to the effect that they have either not reached their preservation age, or have not satisfied a relevant condition of release (see ‘Benefits and preservation’ on this page for details) if they are aged between their preservation age and 65 years
- the fund will then transfer the relevant amount from the member’s account to an account for the spouse. This will occur as soon as is practicable and in any case within 90 days of receipt of a valid application.

Rollovers and transfers of overseas superannuation benefits to an Australian fund are not permitted to be split.

Further information on super contributions splitting is available on the ATO’s website. We recommend you consult your financial and/or tax adviser if you are considering super contributions splitting.

Benefits and preservation

We recommend that you discuss your superannuation benefit payments with your financial and/or tax adviser, as there are a number of tax matters that impact on these payments, especially if you are under age 60.

As trustee of your Fund you are required to understand your responsibilities and ensure they are properly discharged. We provide all the administration support required by you as trustee to ensure benefits are correctly accrued, calculated, preserved and paid.

Please note that the information provided in this PDS about benefit payments is general in nature only. Unless you choose to adopt a standard trust deed prepared by our preferred legal supplier, the trustees will need to satisfy themselves that any proposed benefit payments are actually permitted under the rules of the trust deed.

Benefits accrue in your member account within your Fund over time, comprising contributions and rollovers received, together with investment earnings and the proceeds of any insurance policies.

The law prescribes that benefits may only be paid when a ‘condition of release’ is met. The conditions required for release will depend on the ‘preservation status’ of your benefit, as shown in ‘Table 2 – Benefit payments’ on page 14.

The taxable portion of any superannuation lump sum or pension benefit is subject to tax depending on your age when it is received (see Tables 9 and 10 on page 25 for respective details).

You can withdraw any ‘unrestricted non-preserved’ benefits at any time.

There is no compulsory payment of superannuation benefits at any time.

Superannuation benefit payments

If you satisfy a condition of release, and wish to have your superannuation benefit paid in the form of a lump sum, the trustees should write to us detailing the condition of release you have satisfied and the amount to be paid to you.

The benefit will be paid proportionately from the taxable and tax-free components (see Table 9 on page 25 for details of tax payable on these components).

You can receive your superannuation benefit payment, excluding pension payments, as cash or in specie (actual assets). If you choose to take your benefit payment as assets, transfer costs such as stamp duties and CGT may be included in the calculation of fund earnings allocated to your member account in the Fund.

Transfers and rollovers

Any partial transfer or rollover of benefits to another fund that you may request will also be made proportionately from the taxable and tax-free components of your total benefit.

Table 2 – Benefit payments

Event	Preserved benefits	Restricted non-preserved benefits
Reaching age 65	✓	✓
Retiring ¹ having reached your preservation age ²	✓	✓
Leaving employment after age 60	✓	✓
Ceasing employment without satisfying any of the above conditions ³	✗	✓
Starting a 'transition to retirement' pension after reaching your preservation age ²	✓ ⁴	✓ ⁴
Permanent incapacity ³	✓	✓
Diagnosed with a terminal medical condition likely to result in your death within 12 months ³	✓	✓
Severe financial hardship ³	✓	✓
Compassionate grounds ³	✓	✓
Death ⁵	✓	✓
Departing Australia superannuation payment (DASP) ^{3,6}	✓	✓
Previously classified as a lost member and total benefit in the Fund is less than \$200	✓	✓
Release authority given for payment of excess contributions tax ⁷	✓	✓

- Under superannuation law, this means an arrangement under which you were gainfully employed has ceased and you don't intend to become gainfully employed for 10 hours or more each week again.
- Preservation age is determined by your date of birth, as shown in the following table.
- There are additional requirements you'll need to satisfy before a payment can be made.
- Your benefit can only be taken as a pension.
- See 'Death benefits' on page 31 for more information.
- Applies to temporary residents (excluding Australian citizens, New Zealand citizens or permanent residents) who have left Australia and their visa has ceased to be in effect.
- See 'Tax' on page 24 for more information.

Table 3 – Preservation age

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

Part of your superannuation benefit may be paid to your spouse or former spouse as a consequence of the superannuation benefit payment provisions under family law splitting laws (see 'Family law' on page 32 for further information).

Pension benefits

Rather than having your entire superannuation benefit paid as a lump sum, you may wish to receive all or part of your entitlement as a pension benefit payment.

Please refer to 'Pension accounts' on page 15 for further information.

Insurance

Life insurance

Your Fund is able to hold life insurance for you. On your death, the net proceeds of any life policies will form part of the assets to be distributed to your beneficiaries.

Total & Permanent Disablement (TPD) insurance

Your Fund is able to hold TPD insurance for you, however most insurers only offer TPD in conjunction with life insurance. If you become permanently incapacitated, any TPD benefit paid under the terms of such a policy will form part of your assets in the Fund.

You should note that in order for a TPD benefit to be paid from the Fund, a condition of release must have been met (see Table 2 on this page for details).

Salary continuance insurance

Your Fund is able to hold salary continuance insurance for you. If you can't work due to illness or injury you may be eligible to receive a partial replacement of your income depending on the terms of the insurance policy you take out.

Arranging insurance policies

All policies must be held in the trustee's name (with the mailing address care of us) and you'll need to arrange for a suitable policy yourself, which may require insurance underwriting. Your financial adviser will be able to assist you.

Please contact your financial adviser prior to completing any insurance applications to ensure the policy can be held by your Fund.

Please also contact your adviser when the policy has been issued to provide them with a copy of the policy schedule and to make premium payment arrangements.

Pension accounts

Overview

Your accumulated benefits form part of your member pension account within your Fund and are invested according to your selected investment strategy. Your pension account is credited with investment earnings including any realised and unrealised change in net market value and is debited with administration and other charges including any applicable taxes.

These benefits are used to provide regular income to you in the form of an account based pension (ABP) or a term allocated pension (TAP).

Eligibility

You are generally eligible to start receiving a pension if you have an 'unrestricted non-preserved' benefit. This will generally be when you have met a 'condition of release', as detailed in 'Table 2 – Benefit payments' on page 14.

However, you may have the option to start an ABP prior to ceasing employment through the transition to retirement provisions (see this page for details).

Account based pensions

The main characteristics of account based pensions are summarised in the following table.

Main characteristics of account based pensions

Feature	Characteristics
Term of the pension	There is no fixed term – the pension finishes when your account balance is exhausted.
Minimum annual pension payment	Your annual pension amount must be at least the minimum determined by multiplying your account balance by the percentage based on your age (see 'Table 4 – Minimum annual pension payments' on this page for details), calculated at commencement and each 1 July. Pension payments are required at least annually, except in the first financial year if your pension commences after 1 June.
Maximum annual pension payment	There is no maximum annual pension amount, except where your ABP has commenced as a 'transition to retirement (TTR) pension' (see this page for details).
Access to benefits	Unless your ABP has commenced as a TTR pension, you can withdraw your remaining benefit as a lump sum at any time, provided you have received at least the minimum pension payment for the financial year at the time of withdrawal.

Table 4 – Minimum annual pension payments

Age range	Percentage of account balance ¹
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95+	14%

¹ For the 2009/2010 financial year, the Government has halved the minimum payment amount percentages shown in the table. You should check with your financial adviser regarding any concessions that may be granted in future years.

Your ABP will only continue to be paid until the balance of your account is exhausted. You should be aware that the balance of your account may not be sufficient to provide a pension for the rest of your life.

You can start an ABP from a new SMSF, or convert all or part of your accumulated benefits or current allocated pension in an existing fund into an ABP.

Transition to retirement (TTR) pensions

If you have reached your preservation age (see 'Table 3 – Preservation age' on page 14) but have not ceased employment, you may commence an ABP as a TTR pension (also known as a pre-retirement pension).

A TTR pension allows you early access to your super money without retiring. A TTR pension provides you with additional income flexibility where, for example, you wish to remain in the workforce but may choose to reduce your hours of work as you approach retirement. It may also provide an opportunity for you to boost your retirement savings by salary sacrificing into superannuation. You should speak to your financial adviser about how a TTR pension can be used to supplement your pre-retirement income and whether it is appropriate for you.

If you commence an ABP as a TTR pension:

- you are also limited to a maximum pension amount of 10% of your account balance each year (this amount is not pro rata if you commence your TTR pension after 1 July)
- you can stop (or commute) your pension and return your benefit to a superannuation accumulation account (eg if you return to work full time)
- you cannot otherwise access your benefit without satisfying a condition of release under superannuation law (see 'Table 2 – Benefit payments' on page 14 for details).

Minimum pension amount in the first year

If you commence your ABP on a day after 1 July, your annualised minimum pension payment in the first year will be a pro rata amount based on the number of days in the financial year from the commencement date to the next 30 June. We will advise you if your chosen pension amount is below this limit.

If you start your pension on or after 1 June in a financial year you are not required to take a pension payment in that financial year.

Accessing your benefit in an account based pension

By investing in an ABP, you generally retain unlimited access¹ to your benefit and may withdraw part or all of your balance as a superannuation benefit payment at any time.

If you withdraw (commute) your entire benefit part way through the financial year, you may be required to take part of your benefit as income, in the form of a pension payment.

¹ Subject to certain restrictions if you have commenced your ABP without retiring after reaching your preservation age (see 'Transition to retirement (TTR) pensions' on page 15 for details).

Term allocated pensions

Generally new term allocated pensions (TAPs) can't be started after 20 September 2007. An existing complying pension can be commuted and re-commenced as a TAP. Also, an existing TAP can be rolled over into your Fund and continued.

The annual payment amount you can draw from the TAP is subject to a formula prescribed by the Government. However, you have a number of choices to make to determine what the initial and annual amounts you can be paid will be.

Step 1: Choosing the term for your TAP

Before you start your TAP, you must select the term for which it will be paid. You can choose any number of years within ranges set by the Government. The choice you have depends on whether or not you have nominated a reversionary beneficiary (generally, a person to whom your pension will be paid to after your death) who must also be your spouse as defined in the Social Security Act 1991 (reversionary spouse).

You must choose the term based on one of the two following methods:

1. No reversionary spouse

You can choose a term anywhere between:

- your life expectancy and
- your life expectancy based on you living to 100.

OR

2. Reversionary spouse

If your reversionary spouse's life expectancy is greater than yours, you can choose a term anywhere between:

- your spouse's life expectancy and
- your spouse's life expectancy based on them living to 100.

Table 5 below sets out the available terms for a TAP, based on the 2000/2002 Australian Life Tables published by the Australian Government Actuary. For terms applicable to other ages, please speak to your financial adviser or contact us.

Table 5 -Term allocated pension available terms¹

Age at commencement of pension	Female	Male
55	30-45	26-45
56	29-44	26-44
57	29-43	25-43
58	28-42	24-42
59	27-41	23-41
60	26-40	22-40
61	25-39	21-39
62	24-38	21-38
63	23-37	20-37
64	22-36	19-36
65	22-35	18-35
66	21-34	17-34
67	20-33	17-33
68	19-32	16-32
69	18-31	15-31
70	18-30	15-30
71	17-29	14-29
72	16-28	13-28
73	15-27	13-27
74	15-26	12-26
75	14-25	11-25
76	13-24	11-24
77	12-23	10-23
78	12-22	10-22
79	11-21	9-21
80	10-20	9-20

¹ The terms are rounded up to the next whole year.

Step 2: Decide whether you want to take more or less than your standard initial and/or annual payments

Once you've chosen the term of your TAP, you may select an annual pension amount that is between 90% and 110% of the 'standard' payment amount we calculate, based on the payment factor for the term you have chosen. This provides some flexibility, both at commencement and from year to year, and may help you to minimise the impact of fluctuations in investment earnings on the underlying assets of your pension.

We will write to you at the start of each year and advise you of the minimum and maximum amounts you may draw down in the following year.

First year's pension payments

If you commence your TAP on a day after 1 July, your annualised pension payment in the first year will be a pro rata amount based on the number of days in the financial year from the commencement day to the next 30 June.

Final pension payments

If the remaining term of your TAP is one year or less (after rounding up or down in accordance with the law), we will pay the remaining balance of your pension over a 12 month period, regardless of the actual term remaining. If this occurs we will notify you in writing of the final payments to be made.

Death benefits

Following your death and upon instruction from the surviving trustees, the balance of your member account in your Fund must be:

- transferred to one of your dependants or
- cashed as a lump sum to your estate.

Reversionary pensions

You can elect to have your ABP continue to be paid after your death to your spouse or another dependant. This is known as a 'reversionary pension' because it generally reverts to the other person on your death provided they are a 'dependant' for tax purposes (see 'Tax on death benefits' on page 25 for details) at that time. A reversionary pension that is being paid to the reversionary beneficiary is a continuation of the same pension.

If you want to access a reversionary pension, you must nominate the person at the time the pension is established. A reversionary beneficiary nomination cannot generally be changed. The decision to commence the reversionary pension is at the surviving trustees' discretion (subject to the law). If you already have a binding nomination in place, you should ensure that it is consistent with any reversionary pension nomination you have made. Where the two are inconsistent, the surviving trustees will make a determination.

Death benefit pension

If you don't elect to have a reversionary pension, upon your death your benefit can be paid to your dependants (including dependant children under 25 years of age) in the form of a pension. Your dependants would need to specifically request this type of benefit payment from the surviving trustees at the time. In these circumstances the payment of a death benefit pension is at the surviving trustees' discretion (subject to the law).

Death benefit nominations

Death benefit nominations are discussed in detail on page 31.

Fees and other costs

Did you know?

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

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask us or your financial adviser.

To find out more

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

Fees and other costs

This document shows fees and other costs that you may be charged to establish and maintain an SMSF in the Service. These fees and other costs may be deducted from your money, from the returns on your investment or from the Fund's assets as a whole.

Tax information is set out on pages 24-26. Unless otherwise stated, fees and costs disclosed in this section are inclusive of 10% GST. If your Fund is registered for GST purposes it may be entitled to claim a reduced input tax credit in relation to the GST portion of relevant fees, which reduces the net cost of relevant fees to your Fund. For further information, please refer to 'Goods and services tax (GST)' on page 26.

You should read all the information about fees and costs because it is important to understand their impact on your Fund.

Table 6 – Fees and other costs

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of your Fund		
Establishment fee: The fee to open your SMSF.		The establishment fee is payable once only when you begin using the Service. Not all of these fees will apply to your Fund. Whether a particular fee is charged depends on the circumstances of your Fund. If a particular fee applies it is payable from your Fund's cash account and charged by direct debit on or around the 22nd day ¹ of the month following establishment in the Service.
New fund – The fee to set up a new SMSF	\$1,100	
Plus a trust deed fee of	\$660	
OR		
Existing fund – The fee to transfer an existing fund into the Service.	Nil.	
Plus a possible trust deed amendment fee if the trust deed requires updating	Up to \$660	
Plus a fee for each incomplete year where we need to prepare prior year's accounts and tax returns	\$1,760 minimum for each year	
Plus a fee for each month's processing in the current financial year up to the date of receipt of fund application	\$230 minimum for each month's processing	
Plus a fee for converting the fund from a Small APRA Fund to an SMSF	\$495	
Fees when your money moves in or out of your Fund (continued)		
Corporate trustee establishment fee: This is the fee to cover the costs of setting up a corporate trustee, if required.	\$1,150	Payable by deduction from your Fund's cash account upon set up of the corporate trustee.
Contribution fee: The fee on each amount contributed to your Fund.	Nil.	Not applicable.
Withdrawal fee: The fee on each amount you take out of your Fund.	Nil.	Not applicable.
Termination fee: The fee charged when you cease using the Service:	You will be required to pay:	Payable by deduction from your Fund's cash account on termination.
Within the first 12 months of commencing the Service	The full outstanding management costs (see below) for the remainder of the 12 months.	
After 12 months	Management costs payable to the end of the month in which you request the transfer of your Fund.	
Management costs		
Administration fee: The fees and costs for managing your Fund.	A flat fee per annum of \$550 Plus a fee per annum on the aggregate value of assets in the Fund 0.55% Subject to a minimum fee per annum of \$2,750	Payable monthly in arrears from your Fund's cash account. Charged by direct debit on or around the 22nd day ¹ of the following month, based on the most recently available reconciled Fund value.
Instalment warrant administration fee: The fee for administering an instalment warrant in your Fund.	A flat fee of \$110 per month.	Payable monthly from your Fund's cash account. Charged by direct debit on or around the 22nd day ¹ of the month.
Investment costs: These are the fees and costs for investing the Fund's assets. They include fees charged by the product issuer, fees paid to external investment managers and other expenses incurred in investing the assets.	Nil ³ .	Not applicable.
Service fees		
Adviser service fees⁴: The fee charged by your financial adviser for advice provided.	As agreed between you and your financial adviser.	An adviser service fee is calculated and paid monthly in arrears by direct debit from your Fund's cash account on or around the 22nd day ¹ of the following month. If a percentage charge it is based on the most recently available reconciled Fund value. If a flat charge it is 1/12th of the annual amount.
Investment switching fee: The fee charged when you change investments within your Fund, or your member account within your Fund.	Nil ³ .	Not applicable.
Audit fee: The fee charged for conducting the audit of your Fund.	\$660 This fee only applies when using our preferred auditor. The trustees must negotiate their own fee with any other auditors.	Payable annually from your Fund's cash account ⁸ . Charged by direct debit on or around the 22nd day ¹ of the month following completion.

Type of fee or cost	Amount	How and when paid
Service fees (continued)		
Audit re-work fee: The fee charged by us when there is re-work required to your Fund's statutory accounts as a result of the audit.	\$330.	The fee will be deducted from your Fund's cash account five business days after we have provided you with an invoice notifying you that work is required to your Fund's statutory accounts.
ATO levy⁶: An annual levy payable to the ATO.	\$150 per annum.	Payable annually from your Fund's cash account to the ATO following lodgement of your Fund's return.
Trust deed fees⁷: The fees charged to amend and update your trust deed to ensure it continues to comply with legislation.		Payable on request for deed amendment ⁸ . Payable from your Fund's cash account and charged by direct debit on or around the 22nd day ¹ of the month following completion.
Initial review and amendment: To adopt the standard deed rules	\$660	
Subsequent amendments: To change the deed or pension terms, as required by legislation	\$275 Note: Stamp duty may also apply depending on the State in which the deed is lodged.	
Actuarial service fee⁹: The fees for preparation of your Fund's actuarial certificates where required.	Account based, allocated and term allocated pensions Annual certificate (per Fund) \$330.00 Defined benefit pension Annual certificate (for up to 2 pensions) \$577.50 Annual certificate (per additional pension) \$220.00 Please note The fees for certification of life-time and fixed term pensions are based on our preferred actuary's standard pension design. Where there are non-standard pension features, an additional cost may apply. These fees only apply when using our preferred actuarial supplier. The trustees must negotiate their own fee with any other actuaries.	Payable on commencement of your pension and then as required from your Fund's cash account ⁸ . Charged by direct debit on or around the 22nd day ¹ of the month following completion of the actuarial review.
Valuation fees¹⁰: The fee for valuing assets where the value is not otherwise readily available (eg direct property or unlisted shares or units in unlisted trusts).	As agreed between the trustees and the valuer.	Paid directly by the trustees as required by the valuer from time to time.
Strategy assistance: This is the fee for the preparation of a Statement of Advice to assist you to plan appropriate pension or other strategies for you or your Fund – it does not include specific advice on any particular investment or class of investments.	This will generally be negotiated with you based on the level of service required but will be charged at a minimum of \$1,650. ¹¹	Payable from your Fund's cash account on completion of the Statement of Advice.
Other services: This is the fee for other services not specifically included in this document.	From time to time you may require other services not specifically covered in this table or covered by the administration fee. These will generally be negotiated with you based in the level of service required but will be charged at a minimum of \$165 per hour. ¹¹	Payable from your Fund's cash account on completion of the service requested.

1 Fee invoices are sent out on the 15th of each month (or following business day if the 15th is not a business day). Fees are deducted five business days later.

2 Please refer also to 'Other expenses' on page 22 as there may be costs associated with realising investments to pay withdrawals.

3 Please refer to 'Investment manager fees and transaction costs' on page 21 for details of investment manager fees that may be charged and transaction costs that may be incurred, depending on your selected investments.

4 Please refer to 'Adviser remuneration' on page 22 for further details.

5 Please refer to 'Fund audit' on page 21 for further details.

6 Please refer to 'ATO levy' on page 21 for further details.

7 Please refer to 'Trust deed fees' on page 21 for further details.

8 Please refer to 'Collection and remittance of service provider fees' on page 22 for further details.

9 Please refer to 'Actuarial review' on page 22 for further details.

10 Please refer to 'Valuation fees' on page 22 for further details.

11 Please refer to 'Other expenses' on page 22 for further details.

Additional explanation of fees and costs

Management costs

The management costs we charge are the total of all administration fees charged to your Fund. It covers all ordinary services that we provide to you and your adviser in running your Fund. However, it does not cover all the expenses incurred by your Fund.

Establishment fees and existing funds

Where you transfer an existing fund into the Service our establishment fee does not cover work done to rectify historical problems or complete prior financial year work. The costs of these types of activities will be charged to your Fund at standard professional rates.

We'll provide an estimate of the cost for us to complete this type of work prior to commencing it, and will advise where the actual cost of the work is likely to exceed the estimated amount before proceeding further.

Investment manager fees and transaction costs

Where you decide to invest in managed funds, each such managed fund will charge you for its investment management. Investment management fees, including any performance fees, charged by the managers of any underlying investments will vary and will generally be reflected in the unit price or return of that investment. These fees are in addition to our fees.

Depending on the investments you choose, there may be associated buy and sell transaction costs, and these will also generally be reflected in the unit price or return of that investment. Switching fees may also be charged by the investment manager where you change investments within your managed fund. Details can be found in the relevant disclosure documents relating to these investments.

Where your Fund invests in shares directly, you may also incur brokerage costs on any purchases and sales.

Cash management trust (CMT) commission

Where you decide to use our preferred CMT, Portfoliofocus may receive an ongoing commission payment from the CMT manager up to 0.25% per annum of the amount held in the CMT. This payment is included in the CMT's investment management fees and is not an additional cost to you.

Fund audit

Your Fund's financial accounts must be audited each year. The administrator prepares the financial statements as part of the management cost and arranges for the audit of these accounts.

We can arrange for the engagement of an audit firm to provide audit services to your Fund. However, as trustees of your Fund, it is your responsibility to formally accept the engagement by signing the audit appointment minute, which will be provided to you when we commence the preparation of your Fund's financial accounts.

Based on past experience, we estimate that the cost of the audit should be approximately \$550 (GST inclusive) which will be paid by your Fund. In some cases where the audit is more complex (eg where the Fund has segregated member accounts, holds an investment in an unregistered or closely held unit trust or in real property), higher audit costs may be incurred. These estimated fees only apply where our preferred auditor is chosen. The trustees must negotiate their own fee with any other auditors.

Government charges

Government charges will be applied to your Fund, as appropriate.

ATO levy

The payment of the ATO levy is due upon lodgement of your Fund's annual income tax and regulatory return. As part of our service, we'll arrange for the preparation of your Fund's income tax and regulatory return, which will then be forwarded to you for your review and sign-off. The levy is charged by the ATO as part of the tax assessment for the Fund. The current levy shown in Table 6 on page 20 may be subject to change by the ATO in future years.

Trust deed fees

We will arrange for these services to be provided by our preferred legal supplier and will bill the Fund directly by the direct debit method. Payments for subsequent amendments are required when deed changes are made unless you specifically opt out of the deed update service.

The fees detailed apply to accumulation funds only. Where the Fund is a defined benefit fund, additional costs may apply, however we will obtain a quote for services and your agreement to proceed in these circumstances.

These estimated fees only apply where our preferred legal supplier is used for trust deed services. The trustees must negotiate their own fees where any other legal firm is used.

Adviser remuneration

Adviser service fees

If you have agreed an adviser service fee with your financial adviser the amount will be deducted from your Fund and paid to your adviser. Any adviser service fee payable is additional to our establishment fee and our ongoing management costs.

Other benefits

As a result of your Fund's investment under the Service your financial adviser may also qualify for other benefits. These other benefits don't represent an additional cost to you. We maintain a register (in compliance with Industry Code of Practice on Alternative Forms of Remuneration) summarising alternative forms of remuneration that are paid or provided to certain advisers. If you would like to review this register please contact us (our contact details are on the front page).

Other expenses

The management costs don't cover all expenses incurred by your Fund. All fees, charges and expenses paid to service providers (such as auditors and actuaries), regulatory levies, bank fees, property valuations, title searches and taxes incurred by your Fund are paid from your Fund. If these expenses are paid directly by us, we are entitled to be fully reimbursed by your Fund.

No maximum or minimum limits apply to the recovery of these properly incurred expenses.

Extraordinary administrative tasks that we are required or are requested by you to perform (such as effecting a split of your superannuation interest, or making an in specie benefit payment) may incur additional costs.

The costs of these extraordinary types of activities will be charged to your Fund at our standard professional rates. We'll provide an estimate of the cost for us to complete this type of work prior to commencing it and will advise where the actual cost of the work is likely to exceed the estimated amount before proceeding further.

Actuarial review

An actuarial review will be required for SMSFs that are paying some types of pensions, generally defined benefit pensions. Where required, we can engage an actuarial firm to provide actuarial services to your Fund.

The additional cost of an actuarial review, where required, will be charged to your Fund. We will arrange for these services to be provided by our preferred actuarial supplier and will bill the Fund directly by the direct debit method.

Where the pension does not align with our actuary's standard pension design parameters, an additional cost may apply.

These estimated fees only apply where our preferred actuary is chosen. The trustees must negotiate their own fee with any other actuaries.

Valuation fees

From time to time the Fund auditor will require that assets have a formal market valuation. The cost will depend on the type of valuation required and may be payable to a range of valuers selected by either the trustees or the auditor, depending on requirements.

Fees spread proportionately

Generally fees and charges are deducted proportionately from each member account within your Fund. This means that the member with the largest account balance will bear the largest proportion of the fee. In some cases where a fee or expense can be directly attributed to a particular member (eg insurance costs), that amount will be charged solely to their account.

Collection and remittance of service provider fees

We can collect and remit payments to a number of service providers to the Fund. These include adviser service fees, audit fees, trust deed fees and actuarial fees. We or Portfoliofocus may retain part of these payments.

Following provision of the relevant service to the Fund, and receipt of an invoice from the service provider, we will deduct the service cost from your Fund's cash account by the direct debit method. The direct debit authority you provide to us authorises these deductions.

Increases or alterations to the fees

If there is an increase in the rate of GST payable on any of the services provided to your Fund, we will pass this increase on to your Fund and reflect these changes in its charges. Further, over time we may vary our charges. We won't increase our fees or charges (other than government fees and charges) without first giving members 30 days' written notice.

Examples of annual fees and costs

The following tables give examples of how the fees and costs in the Service can affect your superannuation investment over a one year period.

Please note that you should consider the following information with the examples:

- We've provided fee examples based on fund balances of:
 - 50,000 as required by the law; and
 - \$500,000, being a more typical fund balance for an SMSF.
- We've assumed that your SMSF is already in existence and no establishment costs are payable.
- You may be able to use these examples to compare the Service with other superannuation products, however, you should do so with caution given one of the features of an SMSF is the unique investment mix (and, hence, cost arrangement) you are able to select

Table 7 – Example of fees and costs: Fund value of \$50,000

EXAMPLE		Balance of \$50,000 ¹ with total contributions of \$5,000 during year
Contribution fees	\$Nil	You will be charged \$Nil on all contributions you make.
PLUS Management costs	\$550 + 0.55% ²	Based on a fund value of \$50,000 ¹ , you will be charged the minimum of \$2,750 each year ² .
PLUS ATO levy and audit fee	\$150 + \$660 ³	Based on a fund value of \$50,000 ¹ , you will be charged \$810 each year.
EQUALS		If you put in \$5,000 during a year and your balance was \$50,000 ¹ , then for that year you will be charged fees of at least \$3,560*.
Cost of Fund		What it costs you will depend on the investments you choose and the fees you negotiate with your financial adviser.

Table 8 – Example of fees and costs: Fund value of \$500,000

EXAMPLE		Balance of \$500,000 ¹ with total contributions of \$5,000 during year
Contribution fees	\$Nil	You will be charged \$Nil on all contributions you make.
PLUS Management costs	\$550 + 0.55% ²	Based on a fund value of \$500,000 ¹ , you will be charged \$3,300 each year ²
PLUS ATO levy and audit fee	\$150 + \$660 ³	Based on a fund value of \$500,000 ¹ , you will be charged \$810 each year.
EQUALS		If you put in \$5,000 during a year and your balance was \$500,000 ¹ , then for that year you will be charged fees of at least \$4,110*.
Cost of Fund		What it costs you will depend on the investments you choose and the fees you negotiate with your financial adviser.

- * Additional fees may apply:
You may be charged an establishment fee to set up a new SMSF or transfer an existing fund into the Service (see Table 6 for details).
You will be charged a termination fee if you close your account within the first 12 months (see Table 6 for details).

- 1 We've assumed a constant value.
- 2 These costs don't include any external investment costs that may be payable, depending on the investments you select (eg investment manager fees and transaction costs charged by managed funds – please see page 21 for further information).
- 3 The audit fee may be higher in some circumstances, as explained on page 21.

The tax benefits derived from investing in superannuation are particular to your circumstances, so we recommend you see a tax adviser. This information is general only and shouldn't be relied on.

Accumulation accounts

Your Fund

Concessional contributions

Concessional contributions are subject to tax at 15% within the Fund.

After-tax contributions

After-tax contributions (also known as 'non-concessional contributions') are not taxable within the Fund.

Tax on investment earnings

Provided your Fund is a complying superannuation fund, the maximum tax rate on its taxable income (including realised net capital gains) is 15%, however the effective rate of income tax is generally less due to the impact of:

- concessional CGT treatment for assets held for more than 12 months
- allowable deductions (see below)
- tax offsets (see below).

Allowable deductions

Certain expenses incurred by your Fund may be claimed as tax deductions, which reduce the amount of tax payable.

Tax offsets

Your Fund may be able to claim tax offsets, including franking credits and foreign tax credits, to reduce the amount of tax payable by the Fund. Excess franking credits may be refundable to your Fund by the ATO.

Members

Concessional contributions

Employers can claim a full tax deduction for all contributions made on behalf of their employees under age 75.

If you are self-employed (that is, if you earn less than 10% of your assessable income plus reportable fringe benefits for a year from activities where you would be considered an employee), you can claim a full deduction for all personal superannuation contributions until age 75.

However, concessional contributions that exceed your concessional contribution cap (see 'Contribution limits' on page 12 for details) are effectively taxed at the top marginal tax rate (plus Medicare levy). The ATO will assess you on the excess amount at 31.5% and you have the option to withdraw from the Fund an amount equal to your liability to pay the excess contributions tax. This is in addition to the 15% tax paid by the Fund.

You are responsible for monitoring your total concessional contributions against the relevant limit.

After-tax contributions

Any after-tax contributions that exceed your non-concessional contribution cap (see 'Contribution limits' on page 12 for details) are taxable at the top marginal tax rate.

You are responsible for monitoring your total after-tax contributions against the relevant limit.

Government co-contribution

Members with a total income (assessable income plus reportable fringe benefits less allowable deductions for carrying on a business) of less than the shade out threshold (\$61,920 for the 2009/2010 financial year) who are less than 71 years of age at the end of the financial year may be eligible for the Government co-contribution on personal (after-tax) contributions up to \$1,000 made during that year, as follows:

- 100% for 2009/2010, 2010/2011 and 2011/2012 (maximum \$1,000 co-contribution)
- 125% for 2012/2013 and 2013/2014 (maximum \$1,250 co-contribution)
- 150% from 2014/2015 onwards (maximum \$1,500 co-contribution).

You can obtain further information from www.ato.gov.au.

Spouse contributions

A person can claim a tax offset of up to \$540 per annum for superannuation contributions made on behalf of their low income or non-working eligible spouse. The tax offset is calculated as 18% of contributions up to a maximum contribution of \$3,000. You can obtain further information from www.ato.gov.au.

Tax on superannuation benefit payments

Tax may be payable when you make a lump sum withdrawal from the fund. Tax applicable to the components of superannuation benefit payments is shown in Table 9 on page 25. Please note that different rates may apply to temporary residents permanently departing Australia or to residents who have not provided a TFN.

Pension accounts

Your Fund

Tax on investment earnings

Investment earnings including realised net capital gains derived within a pension account of your Fund are not subject to income tax.

Tax offsets

To the extent that tax offsets have been derived within a pension account of your Fund, but are able to be applied against the income tax payable by the accumulation phase of the Fund, we'll ensure they are utilised in a reasonable and equitable manner.

Members

Tax on inward rollovers

Generally, no tax is applied on amounts rolled over into your Fund, unless they have come from an untaxed source and contain a taxable component (eg Government superannuation scheme). In this case, the Fund is required to deduct income tax of 15% on the taxable component amount.

Tax on pension benefit payments

Tax instalments may be payable in respect of pension payments made to you through the PAYG (Pay-As-You-Go) system.

Tax applicable to the components of pension benefit payments is shown in Table 10 below. Please note that different rates may apply to temporary residents permanently departing Australia or to residents who have not provided a TFN.

Tax on superannuation benefit payments

Please see Table 9 below for details of tax payable on superannuation benefit payments, which include pension commutations.

Table 9 – Tax on superannuation benefit payments

Component	Tax treatment	
Tax-free ¹	Tax-free.	
Taxable ²	Under age 55:	Taxed at 20% ³
	Aged 55-59:	First \$145,000 ⁴ is tax-free and the balance taxed at 15% ³
	Aged 60 and over:	Tax-free

Table 10 – Tax on pension benefit payments

Component	Tax treatment	
Tax-free ¹	Tax-free.	
Taxable ²	Under age 55:	Taxable at marginal tax rate ³
	Aged 55-59:	Taxable at marginal tax rate ³ , less 15% pension offset
	Aged 60 and over:	Tax-free

¹ Includes after-tax contributions and Government co-contributions from 1 July 2007 (plus the former undeducted contributions, pre-July 1983 (amount fixed as at 30 June 2007), post-June 1994 invalidity, CGT exempt and concessional components).

² Includes concessional contributions from 1 July 2007 (plus the former post-June 1983 (taxed) and excessive components).

³ Plus Medicare levy.

⁴ The low-rate cap was set at \$145,000 on 1 July 2008 and will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) in \$5,000 amounts.

Tax offsets

Details of the low income tax offset and Senior Australian tax offset, including applicable taxable income and Medicare levy thresholds, are available on the ATO website at www.ato.gov.au.

General

Tax on departing Australia superannuation payments

The tax payable on a DASP (see 'Table 2 – Benefit payments' on page 14 for further information) is:

- 35% for a taxed element of a taxable component
- 45% for an untaxed element of a taxable component.

Tax on death benefits

Payment rules and the tax consequences depend on whether the death benefit is paid to a dependant or non-dependant. A death benefit dependant for tax purposes is a:

- current or former spouse¹
- child¹ under age 18
- person who was financially dependent on you at the time of your death or
- person who you have an 'interdependency relationship'¹ with.

¹ See 'Dependants' under 'Death benefits' on page 32 for definitions.

Death benefits paid to dependants

Lump sum death benefit payments are tax-free if paid to a dependant.

A death benefit paid as a pension will be tax-free if either the primary or reversionary beneficiary is aged 60 or over. If they're both under age 60 at the time of death, the pension (less any tax-free amount) will continue to be taxed at the reversionary beneficiary's marginal tax rate (plus Medicare levy) less 15% pension tax offset until the reversionary beneficiary turns age 60, when it becomes tax-free.

An anti-detriment payment may also be payable if a death benefit is paid as a lump sum to an eligible dependant, subject to the Fund's trust deed and the manner in which your Fund has been established. This additional amount is effectively a refund of contributions tax paid by the deceased member and in some cases can also be passed to eligible estates. Where applicable, this payment will form part of the death benefit.

Determining the ability to pay and how to fund anti-detriment payments is complex and entirely dependent on your situation. We recommend that you obtain appropriate professional financial and/or tax advice on planning for future anti-detriment payments.

If the death benefit is paid as a pension to a dependant child, the balance must be paid as a (tax-free) lump sum when the child turns 25 (unless permanently disabled).

Death benefits paid to non-dependants

Death benefit payments to non-dependants have to be paid as a lump sum benefit. The taxable component of a death benefit paid to a non-dependant will be taxed at 15% (plus Medicare levy).

Death benefits paid to your legal personal representative

If the death benefit is paid to your legal personal representative for distribution through your estate, any tax payable will depend on how the death benefit is ultimately distributed between your dependants and any non-dependants.

Tax on terminal illness benefits

No tax is payable on benefits that are paid to you under the 'terminal medical condition' condition of release (see 'Table 2 – Benefit payments' on page 14 for details).

Tax on salary continuance benefits

PAYG tax will be payable on any salary continuance benefits that are paid to you.

Tax file number (TFN)

Providing your TFN isn't compulsory. However, the consequences of not quoting your TFN include:

- the Fund will be required to deduct extra income tax of 30% (plus Medicare levy) from any concessional contributions (most commonly employer contributions and personal contributions claimed as a tax deduction)
- the Fund won't be able to accept after-tax contributions (most commonly personal contributions not claimed as an income tax deduction)
- the Fund will be required to deduct tax from certain superannuation benefits at the highest marginal tax rate (plus Medicare levy) until your TFN is quoted¹
- your eligibility for super co-contributions may be affected
- you may encounter difficulties in locating or amalgamating your superannuation benefits in the future, including difficulties in obtaining access to superannuation benefits to which you may be entitled.

We are authorised by law to collect TFNs in connection with your superannuation investment.

We'll provide your TFN to the trustee of another superannuation fund or retirement savings account provider receiving your transferred benefits in future, unless you ask us not to in writing.

¹ After 21 July each year the law prevents us from refunding to you any tax that we have withheld during the previous financial year. After this date you'll need to claim a credit in your income tax return for the amount of tax withheld. If this is not appropriate, you can apply directly to the ATO for a refund.

Tax on winding up your Fund

Winding up or terminating your Fund involves disposing of all of the assets and calculating a final member benefit from your Fund. This is then paid to the member or rolled over to another regulated superannuation fund if the benefit is preserved.

This means that all of the unrealised capital gains and losses in your Fund will be realised and become taxable (together with all other income) in the final tax return of your Fund. However, income and capital gains associated with assets supporting a current pension liability are tax exempt. Note also that upon termination of your Fund all unused realised capital and/or income losses within the Fund (if any) are lost.

Goods and services tax (GST)

The GST disclosures contained in this PDS are of a general nature only.

GST of 10% is generally applicable to the fees, costs and expenses payable by your Fund, including management costs and other fees payable to us.

Not all superannuation funds are required to be registered for GST purposes. Whether your Fund is required to be registered for GST purposes will depend on your Fund's investments and the nature and value of supplies made by the Fund and whether it exceeds the annual turnover threshold of \$75,000. For example, if your Fund derives commercial rental income it is likely to be required to be registered for GST. If your Fund invests solely in listed shares, however, it may not be required to be registered.

Superannuation funds that are registered, or required to be registered, for GST purposes generally can't claim a credit for the GST paid, but may be entitled to claim a reduced input tax credit (RITC), which represents 75% of the GST applicable to management costs and certain other expenses.

Where the Fund is registered or required to be registered and makes taxable supplies, we'll calculate any GST payable to the ATO on behalf of the Fund. We'll also include in the Fund's relevant GST returns details of the taxable supplies and any creditable acquisitions made by the Fund according to the 'A New Tax System (Goods and Services Tax) Act 1999'.

Trustees of SMSFs using the Service must decide whether or not to register the Fund for GST purposes. You should seek professional tax advice on whether or not you need to register for the GST.

Further information

Terms and conditions for administration services

Our appointment

You appoint us to perform administration services for your Fund as set out in this PDS and these terms and conditions, on and from the date of your application. This appointment remains valid until terminated.

What we'll do for you

Fund establishment

- provision of documentation to establish your Fund including trust deed, trustee declarations, application to become a regulated fund, ABN and TFN application, establishment minutes and member applications
- follow up of rollovers from existing funds
- completion of prior year work, where required.

Statutory obligation assistance

- prepare and lodge regulatory returns and forms
- prepare annual statutory financial accounts and member statements
- preparation of trustee minutes.

Reporting, trustee assistance and administration

- monthly reconciliation of your Fund
- quarterly and annual reporting to members, trustees and financial advisers, including investment values and performance
- notify trustees of upcoming obligations
- notify members of assets outside of investment strategy
- maintain appropriate records for each member
- monitor non-standard assets and notify of need for revaluation
- retain records in digital format
- liaise with regulators and professional advisers as appropriate for audit, trust deed amendment, actuarial, asset valuations and the like.

Tax and audit

- determine correct tax payments for fund and members
- arrange preparation and lodgement of tax, BAS, IAS, GST returns as required
- member contribution reporting
- prepare and supply work papers for audit and actuarial review.

Wind up

- deregister the Fund with any statutory authority or regulator, as necessary
- prepare final accounts
- calculate and prepare rollovers and benefit payments and tax liabilities.

Instructions

Generally, we should receive all instructions for your Fund from you, your adviser or another person who will instruct us on your behalf. Please send your instructions to:

Administration Team
Portfoliofocus Pty Limited
PO Box 529, North Sydney NSW 2059

We'll act according to your instructions or the instructions of your nominated representative or authorised adviser, except as indicated below.

Fax instructions

All instructions must be given in writing and bear an original signature. Your adviser can arrange for your instructions to be provided to us by an appropriately signed fax, except for instructions to join the Service.

Email instructions

All instructions must be in writing and originate from an email address that we recognise to be yours or that of your authorised adviser or nominated representative.

Phone instructions

We will also accept your instructions via telephone.

Acting on your instructions – limitations

You agree to release us from, and indemnify us against, all losses and liabilities arising from any payment or action we make or undertake based on any instruction (even if not genuine) that we receive, whether by fax, email or phone as set out above, which is apparently yours or that of a nominated representative or authorised adviser.

Instructions we won't act upon

We're not obliged to effect instructions if:

- they relate to implementing any investment transactions for your Fund
- it's contrary to our agreement with you, the law or any market practice
- the instructions are incomplete or are, in our opinion, not clear
- you are, or we suspect that you are, in breach of the terms of the Service or superannuation law
- you have not made arrangements which we consider satisfactory for payment of any unpaid amounts or amounts which we consider will become payable
- we doubt the instructions are genuine
- you have not provided us with relevant documents or other authorities, or information we consider necessary to act on your instructions
- we're not satisfied that we are sufficiently indemnified against possible liability arising from acting on your instructions
- your participation in the Service is suspended or terminated or in the process of being terminated.

To the extent permitted by law we don't accept liability (including liability for negligence) for instructions we don't implement in these circumstances and you release us from and indemnify us against all such liability.

What we'll do without instructions

We can do any of the following on an ongoing basis without instructions:

- seek and act upon the advice of legal and other experts on matters in connection with the observance of our obligations under this agreement
- make deductions from your Fund's cash account from time to time to satisfy any obligation or outstanding amount (including our fees).

If we receive instructions and:

- have not acted on them (according to this agreement) and
- subsequently receive further instructions which conflict with the earlier instructions

we'll take no action and, as soon as is practicable, contact you, your adviser or nominated representative to clarify the instructions that are to be followed.

Authorising an adviser and/or nominated representative

You can appoint an authorised adviser and/or nominated representative to act as the main point of contact for providing us with instructions regarding administration matters for your Fund. The application form for the Service provides for you to do this.

You can cancel the appointment of your authorised adviser and/or nominated representative at any time by giving us written notice.

Your authorised adviser or nominated representative can do everything that you can do in respect of the Service, except:

- terminate this agreement or
- appoint other representatives.

Conditions of authorising an adviser and appointing a nominated representative

Conditions that apply when providing an adviser and/or a nominated representative authority to give instructions on the trustees' behalf for the Fund are:

- Your appointment of an authorised adviser and/or nominated representative must be in writing, signed by both you and the nominated parties, dated and provided to us.
- You may cancel the appointment of an authorised adviser and/or nominated representative at any time by providing us with written notice.
- If your nominated representative loses capacity then their appointment lapses and they can no longer act on your behalf in relation to the Service.
- You are responsible for anything that your authorised adviser and/or nominated representative do on your behalf. You agree to fully indemnify us for any act or omission of your authorised adviser and/or nominated representative and you release and discharge us, Portfoliofocus and its associates against any and all losses, liabilities (including liability for negligence) and claims arising from any act or omission of your authorised adviser and/or nominated representative.
- If someone whom we reasonably believe to be your authorised adviser and/or nominated representative acts on your behalf, we'll treat it as if you had personally acted.
- If your authorised adviser and/or nominated representative is a company, each of its directors or authorised officers can act as the nominated representative.
- If your authorised adviser and/or nominated representative is a partnership, each partner can act severally as the nominated representative.

Your privacy

Privacy laws apply to the handling of personal information by us. We collect personal information about you from your application form to establish and support the ongoing administration of your Fund and to advise you of new developments relevant to your Fund. For legal reasons, we can't process your application or administer your Fund if you do not provide us with your personal information.

We may disclose your personal information to external parties that provide services to us in relation to your Fund (for example, stockbrokers, investment managers, auditors and tax agents, banks and deposit taking institutions, life insurance companies, friendly societies, regulatory authorities, real estate agents, medical practitioners and providers of printing or postal services). We also disclose information about your Fund's investments to your authorised financial adviser. Otherwise we won't disclose your personal information to any other external parties unless requested by you or required by law.

You can request access to all personal information that we hold about you. You also have the right to ask us to correct information about you that is inaccurate, incomplete or out of date. If you would like access or have any questions, please contact your adviser or phone us during business hours on 1300 031 631.

Our privacy policy is available at www.Portfoliofocus.com.au or by contacting us.

Trustee acknowledgments

You acknowledge that we are not:

- responsible for reviewing or advising you on your Fund's investments
- obliged to monitor, enquire or ensure that investments of your SMSF are authorised investments of the Fund. We are not liable to you or any other person if any of the investments of your Fund are not authorised investments
- responsible for the accuracy or completeness of any information received from you or third parties including where the information is passed to you, or the third party
- obliged to institute or defend legal proceedings and
- responsible for the management or compliance of your Fund with the law and we do not provide advice on aspects of fund compliance with the law to you.

We're not liable to investors for any losses relating to the Service except to the extent that the liability directly results from the fraud, wilful default, dishonesty or negligence of us.

You agree that you are responsible for providing all tax records necessary for us to establish and maintain CGT records for a fund transferring into the Service. You also agree that we aren't responsible or liable for the accuracy of that information for your Fund.

You acknowledge that if tax records necessary for us to record reconstructed CGT records are not provided to us, then we are unable to accept responsibility for ongoing tax information relating to your Fund and that our ability to perform the services may be limited or adversely affected.

You acknowledge that you have either received professional advice in relation to this agreement and its tax implications or you have had the opportunity to obtain such advice and have decided not to.

You acknowledge and agree that we are authorised to deduct from the cash account of the Fund:

- our fees and reimbursed expenses in relation to the Service
- adviser fees payable by you to your adviser that you have told us to collect and pay to them
- other professional service provider fees that you have told us to collect and pay to them such as audit, actuarial and trust deed amendment costs.

You agree that we are released from any liability that may arise from any breach of the Fund's governing rules or any inconsistency with this PDS.

Trustee undertakings

You and your fellow trustees undertake to us to:

- ensure that all Fund investments are registered in the trustee's name or name of the Fund, and we receive a copy of all relevant correspondence, unless otherwise agreed in writing with us
- ensure that the investments of your Fund are administered solely by us
- provide us on request with any documents, information or instructions we reasonably require to enable us to perform our obligations as detailed in this PDS or imposed by the law, and to ensure that any such information will be accurate
- notify us in writing as soon as practicable after you become aware of the occurrence of any circumstances which would give rise to the winding up of your Fund
- immediately notify us in writing if you cease or propose to cease for any reason or at any time to be the trustee of your Fund and will procure any new trustee of the Fund to execute in our favour such covenants, deeds and other instruments which we reasonably require provided that these are not more onerous than those required or obtained by us under or in relation to the Service
- immediately notify us in writing if you receive notice that your Fund has been determined to be non-complying or for any reason ceases to exist
- not do, or fail to do, any act whereby your right of indemnity out of the assets of your Fund would be prejudiced or diminished in any way
- duly and punctually perform and observe your obligations and duties under the law and the trust deed
- not be a party to a re-settlement, transfer or disposition to any other party of the property of your Fund other than in accordance with the trust deed, or as is otherwise required by the law and
- notify us of any fact or circumstance within your knowledge which has given rise, or with the passage of time would give rise, to a breach by the Fund trustees of any material representation, undertaking or other condition of participation in the Service.

Your representations and warranties

You represent and warrant to us as at the date of this agreement and during its term that:

- you have all the power to enter into and perform this agreement and have obtained all necessary consents and corporate authorisations to enable you to do so
- the entry into and performance of this agreement by you does not constitute a breach of a term of a trust deed or any obligation or default under any agreement or undertaking that you are bound to.

Our undertakings

We undertake to:

- provide the Service in a manner consistent with industry standards and government requirements
- operate, maintain and upgrade administration and information systems so as to be able to provide the Service to you
- use reasonable care in providing the Service to you
- use reasonable endeavours to conduct the business in a proper and efficient manner.

Fees and costs

We shall:

- be entitled to the fees and reimbursement of expenses as detailed in 'Fees and other costs' on page 18 and
- have the authority to make deductions from your Fund's cash account from time to time for the purposes of charging its fees, paying expenses required in the administration of your Fund and obtaining reimbursement of expenses and you authorise these actions by us.

Variation of agreement

This agreement can generally be amended by notifying you but if we consider the amendment to be materially adverse to your interests then we must give you 30 days' prior written notice.

We're entitled to increase our fees by giving notice in writing and any increase won't take effect until after 30 days from when we send you a notice.

Termination of agreement

This agreement may be terminated by either party giving the other party 30 days' written notice.

We may terminate this agreement at any time without notice:

- if you are in breach of your obligations to us and you haven't rectified that breach within 30 days of us giving you written notice
- if you die or become insolvent or
- without limiting our rights under any power of attorney we may hold, if you suffer loss of capacity through unsoundness of mind.

If this agreement is terminated you instruct us to:

- finalise any incomplete aspects of your instructions received up to and including the termination date
- deduct the sum of any outstanding service fees and charges
- charge your Fund a termination fee (if applicable) and
- continue to charge your Fund the Service fees and charges for transactions between the termination date and the date on when all your Fund's records have been transferred according to instructions or this agreement.

Following termination of this agreement, we will prepare and promptly deliver stored data, files and related material regarding the Fund's administration, in our preferred format, to the trustees or their nominee.

Complaint procedures

We're committed to providing you with the highest level of service and we have established procedures for dealing with any inquiries and complaints. If you have any questions or complaints about the service you receive please contact us during business hours on 1300 031 631 or write to us care of the Complaints Officer at PO Box 529, North Sydney NSW 2059. We will try to resolve your complaint quickly and fairly.

If a complaint remains unresolved after 45 days you may refer it to the Financial Ombudsman Service (FOS) of which we are a member. FOS is an external dispute resolution scheme that provides assistance to consumers to help resolve complaints relating to financial service providers. Contact details for FOS are as follows:

Address: GPO Box 3, Melbourne VIC 3001

Phone: 1300 78 08 08

Website: www.fos.org.au

Communications

Reports and statements

During the course of a year we'll provide you with:

- a quarterly report providing an investment summary, member balances, your Fund's asset allocation and notice of upcoming trustee obligations
- an annual report for each financial year ending 30 June, which summarises the contributions, benefits and other payments and the net earnings on your member account within your Fund over the year
- a copy of the Fund's annual financial statements and
- a copy of the Fund's annual income tax and regulatory return.

Copies of these reports can also be provided to your financial adviser.

Depending on the circumstances of your Fund, we also send you various types of communications during the year such as an annual pension details notice or a request for information as to whether you are claiming a tax deduction for your personal contributions to the Fund.

Online Fund information

Upon establishment of your Fund under the Service, you can access information about your Fund online at www.smartview.com.au.

Smartview Online Access allows you to view a range of information about your Fund online. The information available includes:

- your Fund's asset allocation
- a list of investments in each of your accounts
- details of outstanding compliance and administration matters
- copies of key Fund documents and
- a detailed list of transactions.

To register for online access to your investment information, complete the relevant section on the application form in this PDS. Access can also be granted to your financial adviser or other interested parties if you give approval.

If you register for online access, you'll receive a client login and password and further information on how to log in to Smartview Online Access.

Smartview Online Access conditions

The following conditions apply:

- You can access information with a Login ID and internet Smartview Online Access password. You may also be asked for a secret question and secret answer. You remain responsible for keeping all of these confidential.
- We'll give access to your information to anyone who uses your Login ID and internet password or who complies with any other security procedure that we may use. Any action by that person will be taken to be by you.
- You must tell us immediately if you suspect that any unauthorised person has access to your Login ID or password.
- We can only accept responsibility for the reliability of data and information that is within our control. We are not responsible for transmissions of any computer virus or other unwanted programs or information from or associated with your Smartview Online Access use. We are not responsible for the accuracy or content of information or material that we provide, which you then change and give to a third party or give this information in a different form from what was at 'Smartview Online Access'.
- We may suspend or cancel your access but will give you notice beforehand if possible.
- We may vary these conditions from the time you are notified.
- We may email you about your Smartview Online Access use.
- You authorise us and any agents we may appoint to use your personal information for the delivery of Smartview Online Access.
- You acknowledge that anything associated with or available through Smartview Online Access belongs to us or other third parties and is protected by intellectual property rights.
- You release, discharge and indemnify us from and against liabilities incurred by you or us as a result of your use of (or inability to use) Smartview Online Access.

Death benefits

The rules attached to your Fund's trust deed may provide for the payment of a lump sum or pension benefit (see below for conditions that apply) in the event of your death and allow you to either:

1. give a direction (binding nomination) to the trustees regarding the distribution of your death benefit or
2. nominate your preferred beneficiaries (non-binding nomination) but ultimately leave it to the discretion of the surviving trustees to decide how your death benefit is to be distributed amongst your beneficiaries and/or legal personal representatives.

There are different tax consequences depending upon the type of nomination you make and the beneficiaries. We recommend that you consult your financial and/or tax adviser before making any nomination.

If a member wants to make either a binding or non-binding death benefit nomination they should complete the relevant section on the application form.

If you don't make any nomination, the surviving trustees will use their discretion for the payment of your death benefit.

As trustee you should ensure that you have valid death benefit nominations on file for all members. You are responsible for making decisions relating to the payment of death benefits, not us.

Binding nominations

A binding nomination is one where the trustees are bound to make payment of your death benefit according to your instructions, provided your nomination is valid under the law and the rules in the trust deed.

A binding death benefit nomination may only be made in respect to either a member's dependant or legal personal representative.

Generally a binding death benefit nomination must be confirmed every three years to remain effective and ceases to have effect on the occurrence of certain events. However, where you elect to adopt a trust deed from our preferred legal supplier, a binding death benefit nomination would not need to be confirmed every three years. You should make yourself familiar with the binding death benefit nomination rules contained in the trust deed. It is recommended that you obtain professional financial and/or tax advice when determining your estate planning structure.

Non-binding nominations

This information provides the surviving trustees with an indication of your wishes and will assist them in exercising their discretion. However, it does not necessarily mean that the benefit will be distributed in this manner.

Dependants

For the purpose of paying a death benefit under superannuation law, a member's dependant is a:

- spouse
- child
- person who was financially dependent on you at the time of your death
- person who you have an 'interdependency relationship' with.

A member's 'spouse' includes:

- another person (whether of the same sex or a different sex) with whom a member is in a relationship that is registered under relevant law and
- another person who, although not legally married to the member, lives with the member on a genuine domestic basis in a relationship as a couple.

A member's 'child' includes:

- an adopted child, stepchild or ex-nuptial child
- a child of the member's spouse
- someone who is a child of the member under family law.

Two people have an 'interdependency relationship' if:

1. they have a close personal relationship and
2. they live together and
3. one or each of them provides the other with financial support and
4. one or each of them provides the other with domestic support and personal care.

If a close personal relationship exists but the other requirements for interdependency aren't satisfied because of a physical, intellectual or psychiatric disability, then there is also an interdependency relationship.

Payment of death benefits as a pension

Generally death benefits can be paid as a pension to:

- a dependant if the member dies before commencing a pension, to be taxed in the same manner as a reversionary pension (see Table 10 on page 25 for details of tax payable on pension benefits) or
- a dependant child (defined as being less than age 18, between ages 18 to 25 and financially dependent on you, or permanently disabled), although the balance must be paid as a (tax-free) lump sum when the child turns 25 (unless permanently disabled).

Non-dependants are not entitled to receive a death benefit as a pension.

Further information relating to payment of death benefits as a pension can be found on page 17 within 'Pension accounts'.

Family law

The law and the Family Law Act 1975 (Cwth) allows for superannuation benefits to be split between you and your spouse (including a de facto spouse of the same or different sex) in the case of legal separation or divorce. Under that Act, the trustee may be required to:

provide certain information about your superannuation interest to eligible persons upon request without notifying you of the request and/or

'flag' (accumulation accounts only) and/or split your superannuation interest according to a superannuation agreement or Family Court order.

The legislative requirements for splitting your superannuation are complex and effecting a split of your superannuation interest may have significant financial and tax consequences for you. We therefore recommend that you seek professional legal, tax and financial advice on how these provisions may affect you.

Investments and social security

Your investment in the Fund may affect your social security or pension entitlements. The calculations are complex so we recommend that you seek advice from your financial or tax adviser, or use the Centrelink Financial Information or the Veterans' Affairs Financial Information services.

Cover Page and Checklist

Please complete this page & attach all relevant forms

Please note: If any of the application forms are incomplete or contain errors, or any requested additional information is not provided, it may cause delay in the establishment, administration and reporting of your fund.

Superannuation fund name

Checklist for all funds (existing or new)

I have completed

- a fund application form (to be signed by the nominated representative)
- a member application form for each member (each member to sign their own form)
- an authority form to enable us to contact institutions on your behalf (all members and trustees to sign)
- an investment strategy selection form (to be signed by the nominated representative)
- the direct debit form for Portfoliofocus

Extra documentation for an existing fund

The details of my existing administrator/accountant are as follows:

contact person	
firm name	
address	
suburb	postcode
phone ()	email

Checklist for transferring monies from another fund into this fund

- I have completed a separate "Rollover request form" for each investment to be cashed in and transferred (to be signed by the member who owns the asset). To transfer assets directly into the fund please complete a separate "Rollover – in specie transfer" form for each investment to be transferred (form available from your adviser or ourselves on request)

Auditor nomination

- I wish to appoint Portfoliofocus's preferred auditor as the fund's auditor; or
- I wish to appoint a different auditor for my fund and will provide you with details

I acknowledge that, if I/we choose to appoint an auditor other than Portfoliofocus's preferred auditor, the fund must negotiate its own fees with this auditor and may incur higher fees than those stated in the product disclosure statement.

Insurance

- any member who is interested in insurance has ticked the relevant box on their application form

Other instructions

signed on behalf of the members by the nominated representative of the fund	date
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Please return this sheet, all completed forms and attachments to:

PO Box 529, North Sydney NSW 2059

Additional information for existing funds

Please note: It is important to provide the following information as soon as possible. If any of this requested information is not provided, it may cause delays in the establishment, administration and reporting of your Fund.

Fund registration information

Income tax file number (TFN) of the fund <i>(please make sure that this TFN is for the fund itself and not the trustee)</i>	TFN
Australian business number (ABN) of the fund <i>(please make sure that this ABN is for the fund itself and not the trustee)</i>	ABN

Information to set up your fund so we can administer it

I have forwarded (or organised for the previous administrator to forward)

- a copy of the most recent audited accounts for the fund (including a signed audit certificate)
- a copy of the most recent Income tax return for the fund
- the asset register of the fund as at the date of the last accounts (list of all assets with their purchase date and cost value together with market value at date of latest financial accounts plus holder statements for all listed investments held as at date of latest financial accounts)
- details of the composition of each member's account (ie breakdown of the member's balance into each category of contribution received eg undeducted, employer, CGT exempt)
- copies of workpapers to detail amounts shown in debtors and creditors (if any)

Information so we can review the fund for compliance

I have forwarded (or organised for the previous administrator to forward)

- a copy of the fund's initial trust deed plus any amending deeds since the initial deed was set up
- copies of all minutes for the fund since it was established
- a copy of the current investment strategy and related documents
- a copy of the last annual review (or annual return) for the trustee company (if there is a corporate trustee).

Information to process your fund's transactions for the current year

I have forwarded (or organised for the previous administrator to forward)

- bank statements, rental property statements and broker statements from the date of the last annual accounts to today
- purchase and sale documentation for investments bought or sold from the date of the last annual accounts to today
- income statements (interest, dividends, rent, trust distributions etc) from the date of the last annual accounts to today
- copies of any BAS and/or IAS statements lodged for the current year

Where the fund has invested in non-standard assets

I have forwarded (or organised for the previous administrator or the relevant accountant to forward)

- copies of latest financial accounts and tax return for any private companies or unit trusts the fund has invested in.
- copies of latest valuations for any private companies or unit trusts, art works, collectibles or direct real estate the fund has invested in.

Fund application

This application form is based on the (PDS) issued on 1 July 2009. Before you sign this application form, the trustee or your adviser is obliged to give you a PDS (which is a summary of important information relating to the fund). The PDS will help you to understand the product and decide if it is appropriate to your needs.

- New fund Existing fund (please complete additional information form and supply requested information)

Fund name

Contact details

- Preferred contact person:** member 1 member 2 member 3 member 4 adviser
 other (please complete following details if other)

name		
address		
		postcode
phone	fax	email

- Preferred contact method:** email fax post

Trustee details

Please note – trustee(s) must be either:

- a company with all members as Directors; or, (If you do not want a corporate trustee)
- all members of the fund, except in the case of a single member fund where a second individual must be appointed. This individual can be a relative or anyone else except the member's employer.

- Selected trustee(s):** Corporate trustee* All members as trustees Single member fund

Second trustee name (for single member funds without a corporate trustee only)

full name		
residential address		
		postcode
date of birth	TFN	relationship to member

* please see page 2 for corporate trustee information

Adviser details (adviser use only)

Confirmations

1. I/We hereby agree that the superannuation fund administration agreement with us will be on the terms detailed in the PDS and I/we agree to be bound by those terms.
2. I/We hereby confirm that I/we has/have read and understood the PDS, including the fee structure outlined therein and hereby request that you establish or takeover and administer a superannuation fund on my/our behalf
3. I/We hereby authorise you to provide any information requested in relation to my/our superannuation fund to the adviser noted on this fund application form.

signed on behalf of the members by the nominated representative of the fund	date
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Authority Form

Trustee company details

- I/we have an existing company which I would like to use - details are as follows:
- I/we would like you to establish a new corporate trustee company – please send me the appropriate forms (separate fees apply)

Please check on the ASIC website (www.asic.gov.au) to see if the name you would like is already being used.

preferred trustee name
alternate name 1
alternate name 2

directors names	place of birth town & state (if in Australia) town & country (if overseas)

Trustee company secretarial matters

(director/shareholder/address changes)

- I/we would like Portfoliofocus to look after the company secretarial matters for me/us (non-trading companies only)
- I/we will look after our own company secretarial needs
- I/we would like the following person to look after or continue to look after our company secretarial needs

name
firm name (if applicable)
phone

To be completed for all fund members/trustees

name of superannuation fund

I/we hereby authorise Portfoliofocus Pty Limited, the administrators for the above superannuation fund:

1. to access and/or obtain copies of all information or documentation relating to my/our superannuation fund and investments.
2. to organise for duplicate or electronic copies of any investment statements, dividend notices, broker accounts or bank statements to be forwarded to them.

Authorisation by all members / trustees / directors of trustee company

	full name	signature	date
1			
2			
3			
4			

Please contact us if you require further information:
PO Box 529, North Sydney NSW 2059

Please contact us on **1300 031 631** if you require further information:
Visit: www.Portfoliofocus.com.au

Administration fee direct debit request

Superannuation fund name

Financial institution where account is held

institution name and branch	BSB
address postcode	account number

Commencement

- fees and other charges will be debited as outlined in the PDS
- invoices will be forwarded to you prior to debiting to enable you to review them.

Authorisation

I/we request that Portfoliofocus Pty Limited (User ID 188482) arrange for the payment of amounts due to them and other third parties (if applicable) to be debited from my/our nominated account at the financial institution shown above according to the schedule as detailed on the next page.

signature of trustee / director 1	date
signature of trustee / director 2	date

This page has been left blank intentionally

Direct debit customer service agreement

Our commitment to you

This document outlines our service commitment to you, in respect of the Direct Debit Request (DDR) arrangements made between Portfoliofocus Pty Ltd and you. It sets out your rights, our commitment to you and your responsibilities to us together with where you should go for assistance.

Initial terms of the arrangement

In terms of the Direct Debit Request arrangements made between us and signed by you, we undertake to periodically debit your nominated account for the agreed amount for administration and adviser service fees.

Drawing arrangements

- the first drawing under this Direct Debit arrangement will occur as per our signed agreement
- where the due date for a drawing falls on a non-business day, we will draw the amount on the next business day
- we will provide written notice of any proposed changes to your drawing arrangement, providing no less than 14 days notice.

Your rights

Changes to the arrangement

If you want to make changes to the drawing arrangements, contact Portfoliofocus Client Services on 1300 031 631. These changes may include deferring the drawing, altering the schedule, stopping an individual debit, suspending the DDR or cancelling the DDR completely.

Enquiries

Direct all enquiries to us, rather than to your financial institution, and these should be made at least five business days prior to the due date for the next drawing. All communication addressed to us should include your superannuation fund name and account number.

All personal customer information held by us will be kept confidential except that information provided to our financial institution to initiate the drawing to your nominated account.

Disputes

All transaction disputes, queries, and claims should be raised directly with us. We will provide a verbal or written response within 20 business days from the date of the notice. If the claim/dispute is successful, we will reimburse you by way of cheque or electronic credit to your nominated account.

Your commitment to us

It is your responsibility to ensure that:

- your nominated account can accept direct debits (your financial institution can confirm this); and
- that on the drawing date there are sufficient cleared funds in the nominated account; and
- that you advise us if the nominated account is transferred or closed.

We may charge you a dishonour fee for drawings that are returned unpaid by your financial institution, and may terminate your direct debit arrangement if drawings are returned unpaid three times in any 12-month period. Where drawings are returned unpaid we will arrange with you an alternate payment method.

Fee confirmation

Superannuation fund name

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of your Fund		
Establishment fee: The fee to open your SMSF. New fund – The fee to set up a new SMSF Plus a trust deed fee of OR Existing fund – The fee to transfer an existing fund into the Service. Plus a possible trust deed amendment fee if the trust deed requires updating Plus a fee for each incomplete year where we need to prepare prior year's accounts and tax returns Plus a fee for each month's processing in the current financial year up to the date of receipt of fund application Plus a fee for converting the fund from a Small APRA Fund to an SMSF	\$1,100 \$660 Nil. Up to \$660 \$1,760 minimum for each year \$230 minimum for each month's processing \$495	The establishment fee is payable once only when you begin using the Service. Not all of these fees will apply to your Fund. Whether a particular fee is charged depends on the circumstances of your Fund. If a particular fee applies it is payable from your Fund's cash account and charged by direct debit on or around the 22nd day ¹ of the month following establishment in the Service.
Corporate trustee establishment fee: This is the fee to cover the costs of setting up a corporate trustee, if required.	\$1,150	Payable by deduction from your Fund's cash account upon set up of the corporate trustee.
Termination fee: The fee charged when you cease using the Service: Within the first 12 months of commencing the Service After 12 months	You will be required to pay: The full outstanding management costs (see below) for the remainder of the 12 months. Management costs payable to the end of the month in which you request the transfer of your Fund.	Payable by deduction from your Fund's cash account on termination.
Management costs		
Administration fee: The fees and costs for managing your Fund.	A flat fee per annum of \$550 Plus a fee per annum on the aggregate value of assets in the Fund 0.55% Subject to a minimum fee per annum of \$2,750	Payable monthly in arrears from your Fund's cash account. Charged by direct debit on or around the 22nd day ¹ of the following month, based on the most recently available reconciled Fund value.
Instalment warrant administration fee: The fee for administering an instalment warrant in your Fund.	A flat fee of \$110 per month.	Payable monthly from your Fund's cash account. Charged by direct debit on or around the 22nd day ¹ of the month.
Service fees		
Audit fee: The fee charged for conducting the audit of your Fund.	\$660 This fee only applies when using our preferred auditor. The trustees must negotiate their own fee with any other auditors.	Payable annually from your Fund's cash account ⁸ . Charged by direct debit on or around the 22nd day ¹ of the month following completion.
ATO levy: An annual levy payable to the ATO.	\$150 per annum.	Payable annually from your Fund's cash account to the ATO following lodgement of your Fund's return.

Adviser Service Fee	% based fee (per annum)	Flat \$ fee (per annum)
If your Adviser has negotiated a fee or service to be paid from your fund it will be recorded here and on the fee page in the application forms.		

This fee is in addition to any fees outlined elsewhere in this document and will be deducted as indicated in the 'Management Fees' section.

Acceptance

I hereby acknowledge that the fund will be charged the fees as outlined both above and in the PDS and that I have had the various fees, including any adviser service fees, adequately explained to me.

signature of member representative	date
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Investment strategy selection form

To be used for standard asset types only

Fund name

Standard assets

Investment strategy asset allocation

(each category should have a spread of no more than 30%)

Cash (see notes)	<input type="text"/>	% to	<input type="text"/>	%
Australian fixed interest	<input type="text"/>	% to	<input type="text"/>	%
International fixed interest	<input type="text"/>	% to	<input type="text"/>	%
Australian equities	<input type="text"/>	% to	<input type="text"/>	%
International equities	<input type="text"/>	% to	<input type="text"/>	%
Mortgages	<input type="text"/>	% to	<input type="text"/>	%
Direct property	<input type="text"/>	% to	<input type="text"/>	%
Listed property	<input type="text"/>	% to	<input type="text"/>	%

Please note

- setting an investment strategy for a super fund should be looked at in the same way as setting an investment strategy in any financial plan ie by having regard to the risk tolerance levels of the members and meeting their medium to long term objectives.

Cash should be set to a minimum of 5% of the assets or \$5,000 (converted to a %) to allow for expenses to be met without the need to redeem investments.
- the ranges should be set so that monitoring can be done in a meaningful manner. Wide ranges suggest either you have not thought about the strategy at all or that the fund is going to be a heavy trader and hence have a highly speculative specialised investment strategy. The ranges are not a wish list or a maybe list but should be set so that the fund can reasonably achieve them, say over the next 6-12 months. Do not fill in a category just because you think you might invest in it one day.
- investing in assets not listed on a stock exchange may incur additional valuation costs to satisfy audit requirements.
- you will need to complete a detailed investment strategy to cover non-standard investments or where a large component of the fund is invested in one asset. Please obtain a template for this from your administrator or your adviser.

Non-standard assets

the fund wishes to invest in assets that are not listed in the categories above. Please forward a non-standard investment strategy document for completion to (please tick one):

- the trustees;
 our financial adviser

Depending on any restrictions in the trust deed or superannuation law, non-standard assets may include such things as:

- shares in private companies
- units in private unit trusts
- artworks
- collectibles such as diamonds, first edition novels
- farms

Non-standard assets are not such things as units in a widely held unit trust that invests in real estate. These should just be classified as direct property. Assets such as managed funds should be split over the underlying standard asset allocations.

Investment strategies for non-standard assets will need to include the rationale for the selection of the particular investment and detail risk management strategies put in place (eg storage and insurance for assets such as artworks or diamonds).

Confirmations

- in conjunction with our advisers, we have elected to adopt the above investment strategy for our fund and request the trustee give consideration to adopting this strategy;
- we acknowledge that we have received, read and will retain a copy of the current PDS, and
- in the event that we determine, in conjunction with our advisers, to change this strategy we will seek the trustee's approval prior to implementation.

Signed on behalf of the members by the nominated representative or adviser of the fund

signature	date
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Member application form

This application form is based on the Product Disclosure Statement (PDS) issued on 1 July 2009. Before you sign this application form, the trustee or your adviser is obliged to give you a PDS (which is a summary of important information relating to the fund). The PDS will help you to understand the product and decide if it is appropriate to your needs.

Member reference number member 1 member 2 member 3 member 4

Personal details

title	last name	first names	preferred greeting
street address		contact details:	
postcode		phone (business hours)	
postal address (if different)		phone (after hours)	
postcode		mobile	
		email	
		fax	

Preferred contact methods

preferred voice contact phone (after hours) phone (business hours) mobile preferred written contact postal address email fax

Important taxation information

Eligible service date	(This is important to determine future tax liabilities)
Personal tax file number (TFN)	Date of birth

I am a resident of Australia for taxation purposes YES NO

Membership

Please tick appropriate box to advise membership category

employed (employee or company director/owner receiving a wage) self employed (sole trader/partner) child unemployed and under age 65 retired not working due to ill health non-working spouse

Beneficiaries:

(Please refer to the PDS or your adviser for details of who can be a beneficiary)

It is recommended that you talk to your legal and/or financial adviser(s) prior to completion of this section.

Please note: It is not necessary to complete this section at application time as beneficiary nominations can be made or changed at any time. If you wish to nominate beneficiaries at this stage, please tick the appropriate box and we will forward you the relevant forms for completion.

I would like to make a general statement of wishes concerning the disposition of my assets in the event of my death
 I wish to make a binding death benefit nomination concerning the disposition of my assets in the event of my death

This page has been left blank intentionally

Declarations, acknowledgments and undertakings

- I apply to become a member of the fund.
- I declare that all information on this application form is true and correct.
- I agree to be bound by the trust deed governing the fund as amended from time to time.
- I acknowledge that I have received and read a current copy of the PDS. If I have received this PDS from the internet or other electronic means, I declare that I have received it personally, or a printout of it, accompanied by or attached to the application forms before making an application.
- I understand that contributions can generally only be made for or on my behalf to the fund if I am an Australian resident for taxation purposes and:
 - I am under 75 and have worked at least 40 hours in a period of 30 consecutive days during the financial year;
 - I am under 65; or
 - I am rolling over a superannuation benefit.
- I undertake to provide the trustee and the administrator:
 - with any information requested which relates to this fund; and
 - any change to the information I have given in the application.
- I authorise the provision of financial data with respect to the fund to my adviser, appoint him/her to act on my behalf with respect to the operations of the fund and agree to the payment of fees as instructed on the fund application form and authorised by the nominated representative of the fund.
- I understand that if I do not make a binding death benefit nomination, the trustee, in its absolute discretion, will on my death, determine to which of my dependants and/or legal personal representative(s) any benefits are to be paid and may take into account my nomination of preferred beneficiaries as advised to the trustee from time to time.
- I acknowledge that neither Portfoliofocus, smartsuper nor any of their associates or officers guarantee any particular rate of return, the capital invested nor the repayment of capital;
- I acknowledge and have read the Privacy Policy included in the PDS and understand by completing and returning the relevant forms, I agree to smartsuper using and disclosing my personal information as set out in the Privacy Policy.

If I am acting as trustee, or as a director of a company acting as trustee

I hereby confirm that:

- I am an Australian resident;
- I have never been subject to a civil penalty order under superannuation law;
- I am not insolvent under administration (eg. an undischarged bankrupt); and
- I have never been notified by either of the regulators (ATO or APRA) that I am a disqualified person.

Authorisation by the member

signature	date
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Member reference number member 1 member 2 member 3 member 4

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postcode		mobile	
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Important taxation information

Eligible service date	(This is important to determine future tax liabilities)
Personal tax file number (TFN)	Date of birth

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 retired not working due to ill health non-working spouse

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Authorisation by the member

signature	date
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Member application form

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Member reference number member 1 member 2 member 3 member 4

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Important taxation information

Eligible service date	(This is important to determine future tax liabilities)
Personal tax file number (TFN)	Date of birth

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Authorisation by the member

signature	date
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Member application form

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Important taxation information

Eligible service date	(This is important to determine future tax liabilities)
Personal tax file number (TFN)	Date of birth

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 - b. I am under 65; or
 - c. I am rolling over a superannuation benefit.
6. I undertake to provide the trustee and the administrator:
 - a. with any information requested which relates to this fund; and
 - b. any change to the information I have given in the application.
7. I authorise the provision of financial data with respect to the fund to my adviser, appoint him/her to act on my behalf with respect to the operations of the fund and agree to the payment of fees as instructed on the fund application form and authorised by the nominated representative of the fund.
8. I understand that if I do not make a binding death benefit nomination, the trustee, in its absolute discretion, will on my death, determine to which of my dependants and/or legal personal representative(s) any benefits are to be paid and may take into account my nomination of preferred beneficiaries as advised to the trustee from time to time.
9. I acknowledge that neither Portfoliofocus, smartsuper nor any of their associates or officers guarantee any particular rate of return, the capital invested nor the repayment of capital;
10. I acknowledge and have read the Privacy Policy included in the PDS and understand by completing and returning the relevant forms, I agree to smartsuper using and disclosing my personal information as set out in the Privacy Policy.

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I hereby confirm that:

1. I am an Australian resident;
2. I have never been subject to a civil penalty order under superannuation law;
3. I am not insolvent under administration (eg. an undischarged bankrupt); and
4. I have never been notified by either of the regulators (ATO or APRA) that I am a disqualified person.

Authorisation by the member

signature	date
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Rollover request form

Warning! Completion of this form will result in any investments you have with the other super fund / institution being sold and converted to cash prior to being transferred which may result in tax being deducted before the transfer. If you are unsure about the impact this may have on your benefit you should consult your financial adviser.

date

Current account / fund / policy details

rollover institution / fund administrator / trustee	institution phone number
current fund name (if applicable)	policy / account number
address	postcode

Member details

title	full name	date of birth
address		postcode

Transfer details

Please transfer the balance of my account with your organisation by cheque made payable to:

insert name of trustee(s)

as trustee for

insert name of fund

ABN

Authorisation

I hereby authorise you to:

- forward the transfer documentation; and
- provide any other relevant or requested information regarding my account

To the administrator of the fund as follows:

Portfoliofocus
PO Box 529, North Sydney NSW 2059
Please phone **1300 031 631** if you have any queries

I hereby authorise Portfoliofocus to access and/or obtain copies of all information and documentation relating to my superannuation fund account and investments.

Compliance statement

As a trustee of the abovenamed self managed superannuation fund (fund) I wish to confirm the following in respect of the fund:

1. the fund is a regulated superannuation fund for the purposes of superannuation law
2. the governing deed of the fund allows benefits to be transferred to the fund, with no minimum amount applicable
3. the fund is administered to satisfy "member protection standards" prescribed under superannuation law and the regulations thereto
4. benefits under the fund are subject to the preservation requirements prescribed under superannuation law and the regulations thereto
5. we are willing to accept the transfer of superannuation monies on a trustee to trustee basis.
6. members are not permitted to borrow monies from the fund.

Please note that this document complies with Reg. 6.29 – regulated superannuation funds, of the Superannuation Industry (Supervision) Act 1993

signature	date
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Rollover – in specie transfer

Warning! Transferring assets in specie may not be permitted by all institutions. Transferring assets in this form does not eliminate the need to pay any tax on what is effectively a "sale" from one entity to another. If you are unsure about how you will pay any required tax prior to transfer or the impact this may have on your benefit you should consult your financial adviser.

date

Current account / fund / policy details

rollover institution / fund administrator / trustee	institution phone number
current fund name (if applicable)	policy / account number
address	postcode

Member details

title	full name	date of birth
address		postcode

Transfer details

Please transfer the balance of my account with your organisation by cheque made payable to:

insert name of trustee(s)

as trustee for

insert name of fund

ABN

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Authorisation

I hereby authorise you to:

- forward the transfer documentation; and
- provide any other relevant or requested information regarding my account

To the administrator of the fund as follows:

Portfoliofocus
PO Box 529, North Sydney NSW 2059
Please phone **1300 031 631** if you have any queries

I hereby authorise Portfoliofocus to access and/or obtain copies of all information and documentation relating to my superannuation fund account and investments.

Compliance statement

As a trustee of the abovenamed self managed superannuation fund (fund) I wish to confirm the following in respect of the fund:

1. the fund is a regulated superannuation fund for the purposes of superannuation law
2. the governing deed of the fund allows benefits to be transferred to the fund, with no minimum amount applicable
3. the fund is administered to satisfy "member protection standards" prescribed under superannuation law and the regulations thereto
4. benefits under the fund are subject to the preservation requirements prescribed under superannuation law and the regulations thereto
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