

# Netwealth Superannuation Master Fund

## Information Guide 2

### Additional Information about Superannuation

1 July 2022

Information Guide 2 forms part of, is taken to be included in and should be read together with:

- the Product Disclosure Statement for Netwealth Super Accelerator; or
- the Product Disclosure Statement for Russell Investments Super Series;

whichever is applicable to you.

Information Guide 2 has been prepared and issued by Netwealth Superannuation Services Pty Ltd (referred to in Information Guide 2 as **'the Trustee'**, **'we'**, **'us'** or **'our'**) as trustee of the Netwealth Superannuation Master Fund (the **'Fund'**). We have appointed Netwealth Investments Limited as the administrator and custodian of the Fund (**'the Administrator'**). We and the Administrator are subsidiaries of Netwealth Group Limited (ABN 84 620 145 404). Terms defined in the applicable Product Disclosure Statement have the same meaning in this Guide unless otherwise indicated.

## Contents

|                                   |    |
|-----------------------------------|----|
| About Information Guide 2         | 2  |
| Contributions to Superannuation   | 2  |
| The Income Stream Service         | 6  |
| Benefit payments and preservation | 9  |
| Death benefits & dependants       | 11 |
| Tax                               | 14 |
| Further information               | 20 |

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## About Information Guide 2

Information Guide 2 contains important information about:

- eligibility rules and types of contributions you can make to the Fund;
- the Income Stream Service available in the Fund;
- benefit payments and preserved benefits;
- options for the payment of death benefits from the Fund;
- tax laws as they currently apply to contributions, investments and benefits in relation to the Fund;
- if you become a lost member, when your super benefits may be treated as unclaimed super, and if you are a temporary resident.

In Information Guide 2 ‘our website’ means:

- [netwealth.com.au](http://netwealth.com.au) for Super Accelerator; and
- [netwealth.com.au/russellinvestments](http://netwealth.com.au/russellinvestments) for Russell Investments Super Series.

Whichever of the Product Disclosure Statements is relevant to you is referred to in Information Guide 2 as the ‘PDS’. The PDS is available from our website or by calling us on 1800 888 223. You should consider the PDS and Information Guides that are relevant to you before making an investment decision.

Information in Information Guide 2 may change from time to time in the future. Where the changes are not materially adverse, the updated information may be made available to you in the ‘Forms and documents’ section of our website or upon request by contacting us. A paper or electronic copy of any updated information is available from us free of charge upon request.

## Contributions to Superannuation

Personal Super provides you with your own superannuation account that can receive your own contributions, contributions made by your employer, any other eligible contributions and rollovers from other funds. The Fund can accept most types of allowable superannuation contributions, giving you the option of

utilising a range of strategies to maximise your retirement savings.

## Eligibility to contribute

The eligibility to contribute to the Fund is determined by current superannuation law. The following table summarises when you can make contributions to the Fund or have contributions made by others on your behalf.

| Age                | Employer contributions  | Personal/Spouse contributions   |
|--------------------|---|---|
| Under 60           | Your employer can contribute at any time.   | You and/or your spouse can contribute at any time.  |
| 60-74 <sup>1</sup> | Your employer can contribute at any time.   | You and/or your spouse can contribute at any time (including ‘downsizer contributions’). <sup>2</sup> |
| 75 and over        | Your employer can contribute if contributions are mandated (such as superannuation guarantee or award contributions). | You and/or your spouse cannot make contributions (except downsizer contributions). <sup>2</sup>       |

There are complexities to superannuation, and to understand more you should consider consulting with a financial adviser.

The Fund does not offer a MySuper product and cannot be the default fund nominated by your employer for super contributions. If you want your employer to pay your superannuation guarantee and other employer contributions, including salary sacrifice, to your Fund account, you need to give your employer a ‘Standard Choice’ form nominating the Fund as your chosen fund.

<sup>1</sup> The Fund may also accept these employer contributions and member contributions if received on or before the day that is 28 days after the end of the month in which you turn 75.

<sup>2</sup> See ‘Downsizer contributions’ on page 5 for more information.

## Types of contributions

### Concessional contributions

Concessional contributions are generally contributions that are tax deductible. These may be personal contributions you make to the Fund on which you claim a tax deduction<sup>3</sup>, or they may be contributions made to the Fund on your behalf by your employer.

Concessional employer contributions include:

- superannuation guarantee contributions – the compulsory minimum level of superannuation payable by your employer for their eligible employees; and
- salary sacrifice contributions – contributions made by your employer from your pre-tax salary, at your request.

There are contribution caps on the amount of concessional contributions you can contribute to super. For the 2022/23 financial year, this concessional contribution cap is \$27,500. In some circumstances, you may be able to carry forward any unused concessional contribution cap from previous years. Contribution caps may change from time to time. Up to date information is available on the website of the Australian Taxation Office ('ATO') at [ato.gov.au](http://ato.gov.au). If you make concessional contributions in excess of the concessional contribution cap, you will receive an assessment from the ATO and those excess contributions may be subjected to additional tax payable by you (see the 'Tax on contributions' section on page 14).

### Super choice

Personal Super can be selected under super choice to accept any employee's compulsory contributions.

If you are eligible to choose the superannuation fund to which you can make contributions, your employer will give you a 'Standard choice' form. To find out if you are eligible to choose a fund, check with your employer.

### Non-concessional contributions

Non-concessional contributions are contributions for which no tax deduction is elected to be taken or, is available. The most common type of non-concessional contributions are personal after-tax contributions – contributions you make from your own resources.

To be eligible to make a non-concessional contribution, your total superannuation balance immediately before the start of the financial year<sup>4</sup> in which the contribution is made, must be less than the general transfer balance cap for the year (which, for the 2022/23 financial year, is \$1.7 million).

There are contribution caps on the amount of non-concessional contributions you can contribute to super. For the 2022/23 financial year, this non-concessional contribution cap is \$110,000. In some circumstances, if you are under age 75, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year. Contribution caps may change from time to time. Up to date information is available on the ATO's website at [ato.gov.au](http://ato.gov.au).

If you make contributions in excess of the non-concessional contribution cap, you will receive an assessment from the ATO.

Excess non-concessional contributions may be subjected to additional tax payable by you (see the 'Tax on contributions' section on page 14).

Contributions from personal injury, downsizer contributions and amounts arising from the disposal of small business assets are exempt from the non-concessional contribution cap subject to certain conditions being met. More information about these types of contributions can be found below.

### Rollovers and transfers

You can rollover or transfer your superannuation from other entities into the Fund. Existing Fund members are able to initiate a rollover from another superannuation

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<sup>3</sup> If you are aged 67-74 and wish to claim a tax deduction for personal contributions, you must meet the 'work test' or work test exemption (see the 'Tax-deductibility of contributions' section on page 15).

<sup>4</sup> That is, your total superannuation balance at the end of 30 June in the previous financial year.

## Contributions to Superannuation

provider online via SuperStream. Alternatively, you can complete a Rollover/ transfer request (this can be found in the relevant Application Forms Booklet available on our website).

### Things to consider when rolling or transferring your super

When you rollover or transfer your super to the Fund, your entitlements under your previous super fund/other entity may cease. You should consider all the relevant information before you make a decision to rollover or transfer your super. This may include:

- fees that will apply on transfer, including withdrawal fees from your previous fund/entity and transaction fees on acquiring new investments in the Fund;
- impacts on your death and disability benefits and income protection coverage. You may lose any insurance entitlements you have in your previous fund, you may have to meet medical requirements before being covered in the Fund and your insurance premiums may change; and
- any capital gains or losses that are realised if you transfer investments into your account in the form of an in-specie contribution.

### Government co-contributions

You may be eligible for government co-contributions if you make eligible personal contributions and your income is below the threshold. The amount of co-contribution can vary and full details of the amounts, thresholds and conditions are available from the ATO.

The ATO will work out if you are entitled to receive a co-contribution using information from your personal tax return and information reported to them by your superannuation fund and if eligible, will deposit the co-contribution directly into your superannuation account.

If you have made personal contributions to more than one fund, you can nominate to have the co-contribution paid to your Fund account. The quickest way to do this is by using the ATO online services via a myGov account linked to the ATO.

While your contributions are classified as non-concessional contributions, the payment you receive from the Government does not count towards the non-concessional contribution cap.

### Spouse contributions tax offset

You can make contributions to the Fund on behalf of your spouse and may be eligible to receive the spouse contribution tax offset.

Any spouse contributions you make will count towards the non-concessional contributions cap of your spouse.

### Payments for personal injury

Contributions made from certain personal injury payments may be excluded from counting towards your non-concessional contributions cap, total superannuation balance and transfer balance cap. These contributions must arise as a result of a personal injury payment and are subject to the following criteria:

- the contribution is made as a result of a structured settlement, an order for a personal injury payment or a lump sum workers compensation payment; and
- two legally qualified medical practitioners certify that, because of the injury, you are unlikely to ever be gainfully employed in a capacity for which you are reasonably qualified because of education, experience or training; and
- you notify us that the contribution is being made under this exemption before, or when making the contribution; and
- the contribution is made within 90 days of you receiving the payment or the structured settlement agreement or order was made, whichever is later.

The exemption from the contribution caps only applies to the extent that the payment received relates to the amount for personal injury.

For further details regarding personal injury contributions, please contact us or the ATO on 13 10 20.

### Payments for the disposal of a qualifying small business assets

Contributions you make from amounts arising from the disposal of certain qualifying small business assets are exempt from your non-concessional contributions caps, subject to a lifetime capital gains tax cap.

These caps may change from time to time. Up to date information is available on the ATO's website at [ato.gov.au](http://ato.gov.au).

If you believe you may be eligible for this concession, you should note the following:

## Contributions to Superannuation

- you must provide us with a completed notice on the ATO approved form ('Capital gains tax cap election') before, or when, making the contribution;
- the exemption to the non-concessional contribution cap only applies to the extent that the payment received relates to an amount for disposing of certain small business assets in circumstances that satisfy a number of related conditions; and
- there may be further administrative requirements and restricted time frames that must be complied with to allow contribution of these amounts to the Fund.

For further information regarding these criteria you should contact your tax adviser or the ATO on 13 10 20.

### Contribution splitting between couples

Subject to meeting certain conditions, you can 'split' your concessional contributions with your spouse (legal or de facto partner, including a same sex partner).

Following the end of each financial year, you can make a request to us for the lesser of 85% of your concessional contributions made in the previous financial year and the concessional contributions cap (for that financial year) to be split with your spouse. Applications to split must be made in the financial year immediately following the year in which the applicable contributions were made. An exception to this applies where your entire benefit is being withdrawn before the end of the financial year in which the contribution is made as a rollover, transfer, lump sum benefit or combination of these.

The split amount will be a preserved benefit, subject to the preservation rules and will count against the originating spouse's concessional contributions cap. It will not count toward any cap of the receiving spouse.

To submit an application, you and your spouse need to complete a 'Contributions splitting application' form, which is available from us or the ATO. Your spouse must meet the eligibility requirements and needs to have a super fund account which is eligible and is willing to accept the split contribution, such as a Super Accelerator or Russell Investments Super Series account.

Contributions splitting is separate from, and in addition to, spouse contributions made on behalf of a spouse, for which an offset may be available (see 'Spouse contributions tax offset' on page 4).

### Downsizer contributions

If you are 60 years or older and meet the eligibility requirements, you can choose to make a downsizer contribution of up to \$300,000 into your superannuation from the proceeds of selling your home. More information is available on the ATO's website at ato.gov.au.

To make a downsizer contribution you will need to complete the 'Downsizer contribution into superannuation' form available from us or the ATO and provide this to us when making, or prior to making, your contribution.

### Transfers from overseas

You may be able to transfer an overseas superannuation or pension account to the Fund.

These are generally tax-free if transferred within six months of you becoming an Australian resident for taxation purposes and are counted against your non-concessional contribution cap.

If a transfer is made after six months of you becoming an Australian taxation resident, then any fund earnings since you became an Australian taxation resident may be subject to tax upon transfer. You can elect to pay this tax individually, at your marginal tax rate, or you can elect to have tax paid by the Fund at 15%, by completing a 'Choice to have your Australian fund pay tax on a foreign super transfer' form, which is available from us or the ATO.

If you make the election to have the tax paid in the Fund, the taxed earnings are specifically excluded from your concessional and non-concessional caps as they represent earnings on the benefit since you became an Australian tax resident. However, if this election is not made, the earnings may count towards your non-concessional contributions cap.

You should be mindful of the non-concessional contribution cap more generally where overseas transfers are being considered, as any tax-free transfer amounts are also generally counted towards this cap.

Where you have any queries regarding overseas transfers, taxation advice should be sought from someone who is suitably qualified and experienced in this area.

To initiate a transfer of a benefit from an overseas pension scheme, please contact us.

### UK transfers

The Fund is not a Qualifying Recognised Overseas Pensions Scheme (or 'QROPS') and does not currently accept UK pension transfers.

### New Zealand transfers

The Fund does not participate in the trans-Tasman portability scheme and does not currently accept transfers of retirement savings from a KiwiSaver scheme.

## The Income Stream Service

Account-based income streams (referred to here as '**income streams**' or '**pensions**') provide a solution for those in or near retirement who wish to use their superannuation<sup>5</sup> to generate a regular income. Although it is not always necessary to be retired to have an income stream, most Income Stream Service members are retirees or transitioning to retirement.

There are three income stream options available to you in the Fund: a Standard Income Stream, Transition to Retirement Income Stream and Term Allocated Pensions.

Income streams are always commenced using superannuation benefits. If you are eligible to contribute, you may also be able to make a cash contribution to a superannuation account and immediately commence an income stream, provided you have reached 'preservation age' or met a relevant 'condition of release'. Once an income stream has commenced, you cannot make more contributions to that income stream, but you may be able to combine different income streams or superannuation benefits to commence a new income stream.

Care should be taken in transferring from an income stream to another superannuation fund or income stream as this may have a significant impact on the tax and social security treatment of your benefits. You should seek advice in this regard before making any such transfers.

Income is only paid while there are sufficient funds available in your account and income payments cease when your account balance reduces to zero. It is therefore

possible that your income stream may not provide you with payments for the rest of your life.

Where you invest in the Income Stream Service and you have insufficient liquid assets in your account to enable us to pay you your minimum income payment, we may transfer your entire account from the Income Stream Service to Personal Super.

## Commencing an Income Stream

The Fund accepts rollovers and transfers from any other complying superannuation fund or any amounts falling under the definition of a rollover superannuation benefit.

If you have more than one rollover and wish to commence a single income stream, you need to consolidate these amounts in a Personal Super account within the Fund first. Your income stream will start as soon as we receive all rollovers that you have advised we will receive. See the 'Tax' section on page 14 for more information regarding the tax on investment earnings of Personal Super and Income Stream accounts.

### Standard Income Stream

You can commence a Standard Income Stream, using funds already within the Fund, or by rolling in funds from another superannuation fund. The minimum amount to commence a Standard Income Stream is \$10,000.

Rollover amounts must be classified as unrestricted non-preserved benefits to commence a Standard Income Stream. See the 'Benefit payments and preservation' section on page 9 for a full description of unrestricted non-preserved benefits.

### Transition to Retirement ('TTR') Income Stream

You can commence a TTR Income Stream once you reach your preservation age and before age 65 (see the 'Benefit payments and preservation' section on page 9). The minimum amount to commence a TTR Income Stream is \$10,000. Rollover amounts can be classified as unrestricted non-preserved benefits, restricted non-preserved benefits or preserved benefits. Benefit preservation is discussed

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<sup>5</sup> Note that a Term Allocated Pension can only be funded by the rollover or transfer of existing term allocated pensions or like income streams.

further in the 'Benefit payments and preservation' section on page 9.

### Term Allocated Pensions ('TAPs')

You can only rollover the proceeds of another term allocated pension or, in certain circumstances, the proceeds of other complying pensions/income streams to a new TAP. The minimum amount to commence a TAP is \$10,000.

A rollover<sup>6</sup> must be made from another TAP that commenced prior to 20 September 2007, or another allowable type of complying income stream. Most TAPs were originally commenced to provide reasonable benefit limit and Centrelink asset test exemptions and you may need to retain a TAP to continue to meet the exemptions and to ensure that retrospective penalties do not apply. You should seek financial advice if you are unsure about any aspect of your existing TAP.

## Minimum income stream payment

Your minimum payment amount is calculated by applying the percentage shown in 'Table 1: Minimum payment percentages' to your account balance at the commencement of your Income Stream and thereafter at 1 July each year. Where you commence an income stream part-way through a financial year, the minimum amount is based on the number of remaining days in the financial year.

Where an income stream is commenced on or after 1 June in a financial year, the commencement of payment of the income stream can be deferred until the next financial year.

Your payments can be adjusted at any time during the year, can be taken weekly, fortnightly, monthly, quarterly, half yearly or yearly and are made directly to your nominated bank account.

**Table 1: Minimum payment percentages<sup>7</sup>**

| Age      | Minimum payment |
|----------|-----------------|
| Under 65 | 2%              |

<sup>6</sup> A partial rollover of your TAP may result in the loss of your Centrelink Asset Test exemption, if applicable.

| Age      | Minimum payment |
|----------|-----------------|
| 65 to 74 | 2.5%            |
| 75 to 79 | 3%              |
| 80 to 84 | 3.5%            |
| 85 to 89 | 4.5%            |
| 90 to 94 | 5.5%            |
| 95+      | 7%              |

## Maximum income stream payment

TTR income streams are also subject to a maximum payment per annum of 10% of your account balance at the commencement of your TTR Income Stream and then at 1 July each year.

This amount is not pro-rated, so if you commence an income stream part way through a year, the full 10% of your account balance on commencement can be taken as an income stream payment.

Once you reach age 65 or retire permanently from the workforce (or satisfy some other condition of release with a nil cashing restriction as described in the 'Benefit payments and preservation' section on page 9) the 10% maximum income stream payment no longer applies.

If we consider that an income stream payment would fall outside permitted (maximum and minimum) limits, we may, without notice, make an adjustment to the payment amounts as we consider necessary to ensure that the maximum payment levels are not exceeded.

## TAP payments

A TAP is an income stream that is paid over a fixed term.

In addition to the requirement that a TAP is only funded by existing term allocated pensions or certain other complying income streams, one of the conditions that must be met for a TAP is that a fixed term is selected.

<sup>7</sup> The minimum percentages in this table apply for the 2022/23 financial year. They are likely to change in subsequent years.



From 'Table 2: Pension terms', select from the range of terms that you can apply to your TAP based on your age and gender (or that of your reversionary spouse) at commencement. Your financial adviser can help you to identify the term that best suits your needs.

**Table 2: Pension terms<sup>8</sup>**

| Age | Allowable pension term in years |        | Age | Allowable pension term in years |        |
|-----|---------------------------------|--------|-----|---------------------------------|--------|
|     | Male                            | Female |     | Male                            | Female |
| 55  | 29-45                           | 32-45  | 78  | 11-22                           | 12-22  |
| 56  | 28-44                           | 31-44  | 79  | 10-21                           | 12-21  |
| 57  | 27-43                           | 30-43  | 80  | 10-20                           | 11-20  |
| 58  | 26-42                           | 29-42  | 81  | 9-19                            | 10-19  |
| 59  | 25-41                           | 28-41  | 82  | 8-18                            | 10-18  |
| 60  | 25-40                           | 27-40  | 83  | 8-17                            | 9-17   |
| 61  | 24-39                           | 27-39  | 84  | 7-16                            | 8-16   |
| 62  | 23-38                           | 26-38  | 85  | 7-15                            | 8-15   |
| 63  | 22-37                           | 25-37  | 86  | 6-14                            | 7-14   |
| 64  | 21-36                           | 24-36  | 87  | 6-13                            | 7-13   |
| 65  | 20-35                           | 23-35  | 88  | 6-12                            | 6-12   |
| 66  | 20-34                           | 22-34  | 89  | 5-11                            | 6-11   |
| 67  | 19-33                           | 21-33  | 90  | 5-10                            | 5-10   |
| 68  | 18-32                           | 20-32  | 91  | 5-9                             | 5-9    |
| 69  | 17-31                           | 20-31  | 92  | 4-8                             | 5-8    |
| 70  | 16-30                           | 19-30  | 93  | 4-7                             | 4-7    |
| 71  | 16-29                           | 18-29  | 94  | 4-6                             | 4-6    |
| 72  | 15-28                           | 17-28  | 95  | 4-5                             | 4-5    |
| 73  | 14-27                           | 16-27  | 96  | 4-4                             | 4-4    |
| 74  | 13-26                           | 15-26  | 97  | 3-3                             | 3-3    |
| 75  | 13-25                           | 15-25  | 98  | 3-2                             | 3-2    |
| 76  | 12-24                           | 14-24  | 99  | 3-1                             | 3-1    |
| 77  | 11-23                           | 13-23  | 100 | 3-0                             | 3-0    |

The payment amount is calculated by taking the amount invested in the TAP and dividing it by the pension payment factor applicable to the selected term (see Table 3).

This is done both at the time you commence a TAP and on 1 July each year, using the pension payment factor applicable to the remaining term. If you join during the financial year, the pension for that year is calculated proportionately to the number of days remaining in the financial year.

Pension payment factors are set by Government regulations.

**Table 3: Pension payment factors**

| Term of pension remaining<br>(rounded to whole years) | Payment factor | Term of pension remaining<br>(rounded to whole years) | Payment factor |
|---|----------------|---|----------------|
| 45  | 22.50          | 22  | 15.17          |
| 44  | 22.28          | 21  | 14.70          |
| 43  | 22.06          | 20  | 14.21          |
| 42  | 21.83          | 19  | 13.71          |
| 41  | 21.60          | 18  | 13.19          |
| 40  | 21.36          | 17  | 12.65          |
| 39  | 21.10          | 16  | 12.09          |
| 38  | 20.84          | 15  | 11.52          |
| 37  | 20.57          | 14  | 10.92          |
| 36  | 20.29          | 13  | 10.30          |
| 35  | 20.00          | 12  | 9.66           |
| 34  | 19.70          | 11  | 9.00           |
| 33  | 19.39          | 10  | 8.32           |
| 32  | 19.07          | 9   | 7.61           |
| 31  | 18.74          | 8   | 6.87           |
| 30  | 18.39          | 7   | 6.11           |

<sup>8</sup> These terms are based on the 2015-17 Australian life expectancy tables.



## Benefit payments and preservation

| Term of pension remaining<br>(rounded to whole years) | Payment factor | Term of pension remaining<br>(rounded to whole years) | Payment factor |
|---|----------------|---|----------------|
| 29  | 18.04          | 6   | 5.33           |
| 28  | 17.67          | 5   | 4.52           |
| 27  | 17.29          | 4   | 3.67           |
| 26  | 16.89          | 3   | 2.80           |
| 25  | 16.48          | 2   | 1.90           |
| 24  | 16.06          | 1 or less   | 1.00           |
| 23  | 15.62          |   |                |

For TAPs purchased on or after 20 September 2007, the payment amount is also subject to the minimum payment percentages in Table 1. Where the calculated payment amount using the pension payment factors in Table 3 is less than that calculated using the minimum payment percentage in Table 1, a minimum payment of at least that calculated in accordance with the minimum payment percentage in Table 1 must be made.

Pension payments can be taken weekly, fortnightly, monthly, quarterly, half yearly or yearly and are made directly to your nominated bank account. To provide flexibility, there is also the ability to vary the fixed calculated payment amount by 10%, up or down, providing the minimum payment of at least that calculated in accordance with the minimum payment percentage in Table 1 is made.

## Benefit payments and preservation

### Benefit payments and withdrawals

Generally, there are three ways that superannuation benefits can be paid from a fund:

1. Lump sum benefit payment – a payment made to a member or, upon death, their beneficiary upon the benefit becoming unrestricted non-preserved.

<sup>9</sup> Restrictions apply as to how you may access your benefit under this condition of release.

2. Income stream payment – payments made from an income stream product, that can be commenced by a member, with their unrestricted non-preserved benefit or with a preserved benefit upon reaching 'preservation age' for a TTR Income Stream.
3. Rollover benefit payment – a payment made to another complying superannuation fund. This provides that you can move superannuation benefits between superannuation funds, regardless of their preservation status.

Different benefit types attract different taxation. The 'Tax' section on page 14 contains details about tax that may apply to benefits that are paid from the superannuation system.

If you hold an illiquid and/or suspended investment and instruct us to make a benefit payment or withdrawal, this may restrict our ability to make a payment in one amount. See the 'Illiquid and suspended assets' section in the applicable version of Information Guide 1.

## Preserved benefits

Generally, all contributions made to superannuation and investment earnings are preserved benefits. This means that you must satisfy us as the trustee of the Fund that you have met a 'condition of release' (see below) before we can permit access to all or part of the benefit. The degree of access may vary depending on the condition of release met.

## Conditions of release

Some of the more common conditions of release are:

- retiring once you reach preservation age (see Table 4);
- reaching age 60 and leaving gainful employment;
- reaching age 65;
- permanent incapacity;
- temporary incapacity<sup>9</sup>;
- terminal medical condition;
- death;
- severe financial hardship<sup>9</sup>;
- specific compassionate grounds<sup>9</sup>;

## Benefit payments and preservation

- attaining preservation age, where benefits are paid under a TTR Income Stream;
- where a lost member is found and the value of the benefit is less than \$200 when released; and
- if you were an Australian resident, on permanent departure to New Zealand who has nominated a KiwiSaver scheme.

Special conditions of release apply to temporary residents: see the 'Further information' section on page 20.

### Restricted non-preserved benefits

These benefits generally comprise member contributions made prior to 1 July 1999 for which a tax deduction was not allowable or has not been claimed. Generally, you will not have any restricted non-preserved benefits in the Fund.

Restricted non-preserved benefits may be accessed on termination of employment with the employer for whom you worked when the benefit arose. Alternatively, you may access this benefit on permanent retirement on or after reaching your preservation age or meeting some other condition of release.

### Unrestricted non-preserved benefits

Preserved benefits and restricted non-preserved benefits become unrestricted non-preserved benefits when you have satisfied a condition of release with a nil cashing restriction. Unrestricted non-preserved benefits can include certain amounts you have rolled into the Fund and can be accessed at any time.

### Preservation age

To access preserved benefits, you must generally have reached your preservation age and be permanently retired.

Your preservation age depends on your date of birth as follows.

**Table 4: 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               |

| Date of birth               | Preservation age |
|-----------------------------|------------------|
| 1 July 1962 to 30 June 1963 | 58               |
| 1 July 1963 to 30 June 1964 | 59               |
| On or after 1 July 1964     | 60               |

### Lump sum withdrawals from personal super

In general, you cannot have your benefits paid to you until you have reached age 65, or have reached your preservation age and have retired. You will generally become eligible to receive your benefit from superannuation as a lump sum withdrawal upon satisfying a 'condition of release'.

#### First Home Super Saver Scheme

Under the First Home Super Saver ('FHSS') scheme, you can apply to release your voluntary contributions made since 1 July 2017, along with associated earnings, to help you purchase your first home. The amounts that may be released are subject to law - see the ATO's website for details. There are eligibility requirements to be met for the release of these amounts.

You will need to apply to the Commissioner of Taxation for a FHSS determination and a release. You can apply only via the ATO's website [ato.gov.au](http://ato.gov.au).

### Lump sum withdrawals from income streams

#### Standard Income Stream

You can make lump sum withdrawals by commuting all or part of your Standard Income Stream at any time, subject to the minimum pension payment requirements being met (except in limited circumstances).

If you wish to make a full withdrawal or rollover from your Standard Income Stream, when you instruct us to cease or commute your Standard Income Stream, using a 'Benefit payment' form, we will pay your lump sum from your cash account. If your account includes investments other than cash, your income stream will continue until all investments are sold or redeemed, after which your income stream payments will cease and the proceeds will be paid to you.

## Death benefits & dependants

If your account includes investments other than cash and you instruct us to cease your income stream payments immediately, for taxation purposes your account will be treated as a Personal Super account. See the 'Tax' section on page 14 for more information regarding the tax on investment earnings of Personal Super and Income Stream accounts.

### TTR Income Stream

You generally cannot make lump sum cash withdrawals from a TTR Income Stream. However, withdrawals may be allowed in the following circumstances:

- to pay the superannuation surcharge;
- to give effect to a 'Release Authority' given by the ATO;
- to cash unrestricted non-preserved benefits; or
- to give effect to a payment split under the *Family Law Act 1975*.

Once you meet a condition of release with a 'nil' cashing restriction, such as permanently retiring from the workforce or reaching age 65, the lump sum withdrawal restrictions cease. You can then make cash withdrawals at any time by commuting all or part of your income stream, subject to meeting the minimum pension payment requirements (except in limited circumstances).

If you wish to make a full withdrawal, or rollover from your TTR Income Stream, when you instruct us to cease or commute your TTR Income Stream using a 'Benefit payment' form, we will pay your lump sum from your cash account. If your account includes investments other than cash, your income stream payments will continue until all investments are sold or redeemed, after which your income stream payments will cease and the proceeds will be paid to you.

If your account includes investments other than cash and you instruct us to cease your income stream payments immediately, for taxation purposes your account will be treated as a Personal Super account. See the 'Tax' section on page 14 for more information regarding the tax on investment earnings of Personal Super and Income Stream accounts.

### TAPs

Lump sum withdrawals cannot be made from a TAP except in limited circumstances such as:

- to pay the superannuation surcharge;
- to give effect to a 'Release Authority' or 'Commutation Authority' given by the ATO;
- to give effect to a payment split under the *Family Law Act 1975*;
- to purchase another complying income stream.

Upon death, the pension may be continued by payment to the reversionary pensioner, or, where there is no reversionary pensioner, paid as a death benefit.

## Death benefits & dependants

The Fund has flexible death benefit options. Generally, death benefits are payable to a deceased member's dependants and/or their legal personal representative.

The definition of 'dependant' is an important concept when considering superannuation death benefits. There are separate definitions of 'dependant' under superannuation law and taxation law, although there are some similarities in these definitions. You should keep the following definitions in mind when reading this information:

### Superannuation dependant

Superannuation death benefits generally can only be paid to persons who qualify as 'superannuation dependants' and/or the deceased member's legal personal representative. It is important that you are familiar with these definitions, as you cannot nominate someone to receive a death benefit unless, at the time of death, they are:

- your spouse; or
- your child; or
- a financial dependant; or
- a person with whom you have an interdependency relationship; or
- your legal personal representative.<sup>10</sup>

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<sup>10</sup> Generally, your legal personal representative will be the executor of your estate.

### Spouse

A 'spouse' of a person for superannuation law purposes includes another person (whether of the same or a different sex) with whom the person is in a relationship that is registered under a state or territory law (i.e. a legal spouse), and another person who, although not legally married to a person, lives with the person on a genuine domestic basis in a relationship as a couple (i.e. de facto partner).

### Child

The definition of a child includes:

- your adopted child, your step-child or your ex-nuptial child; and
- a child of your spouse; and
- someone who is your child according to the *Family Law Act 1975*.

### Interdependency relationship

Two persons are in an 'interdependency relationship' if:

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

There are some further qualifications that may apply in certain circumstances where the above cannot all be met. You should seek advice from your financial adviser, if you require any further clarification.

## Death benefit payments

A death benefit can, generally, be cashed out as either a cash lump sum to a legal personal representative<sup>11</sup>, or to an eligible dependant as either a lump sum or a death benefit income stream.

Where a reversionary pensioner has been nominated, the death benefit income stream continues to be paid to the nominated reversionary pensioner provided they are eligible to receive it as an income stream.

Where the death benefit is paid to a dependant who is eligible to receive a death benefit income stream, it may be rolled over to another product provider to commence an income stream. Any lump sum may be cashed out from a death benefit income stream and will be tax free.

## Types of nominations

The Fund gives you death benefit options, by allowing you to select a binding death benefit direction that suits your purposes or, for income streams, make a reversionary beneficiary nomination.

### Binding death benefit direction

A binding death benefit direction is one where we are bound to make a payment in accordance with your valid direction. You are only able to nominate superannuation dependants, and/or your legal personal representative under a binding death benefit direction. You can choose a non-lapsing or a fixed term binding death benefit direction that suits your circumstances.

You can make a binding death benefit direction by completing the 'Binding death benefit direction' form that is included in the relevant Application Forms Booklet available on our website.

Binding death benefit directions may be changed at any time by completing a new 'Binding death benefit direction' form, which effectively revokes your previous direction and replaces it with your new direction.

Binding death benefit directions are either non-lapsing or effective for the period that you nominate at the date they were first signed or the last date at which they were confirmed or amended by you. Where a fixed term direction expires it must be confirmed by you or a new binding death benefit direction must be lodged with us. If you do not confirm or do not lodge a new direction, in the event of your death, we will pay your death benefit to your legal personal representative.

All details requested must be completed. If you nominate more than one dependant and/or legal personal representative, you will need to specify the proportion of your death benefit to be paid to each of the nominated

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<sup>11</sup> In limited circumstances, a death benefit may also be paid to a non-dependant as a lump sum.

parties. The specified percentages allocated to each nominated party must add up to 100% for the direction to be valid. If you do not complete the details correctly, your binding death benefit direction may not be effective.

We will not act in accordance with a binding death benefit direction where we know that, since making the direction, you have:

- married;
- entered into a de facto or like relationship;
- separated on a permanent basis from your spouse; or
- had a child with a person other than your spouse.

In these circumstances we must pay the death benefit to your legal personal representative.

If one or more of your nominated beneficiaries is ineligible to receive the benefit (e.g. they are no longer a dependant), but your binding death benefit direction is otherwise valid, we must pay the portion of the benefit that is payable to the eligible beneficiaries in accordance with your direction and either, in our absolute discretion:

- treat that portion of the binding death benefit direction as if it was a non-binding nomination and pay that portion of the death benefit to one or more of your dependants or your legal personal representative in our absolute discretion; or
- pay that portion to the eligible beneficiaries in the same proportion as their share in the binding death benefit direction.

### Reversionary pensioner nomination

When you commence an income stream, or at any other time, you have the option of nominating a reversionary pensioner. In the event of your death, your income stream will transfer to the nominated reversionary pensioner (provided they are eligible to receive it as an income stream) and continue to be paid to them. Special rules apply to children (see the 'Death benefit and the transfer balance cap' section below).

Valid reversionary pensioner nominations are binding on us.

If you want your pension to continue to be paid to your nominated reversionary pensioner on your death, you must make your reversionary pensioner nomination on the 'Income stream instruction' contained in the relevant Application Forms Booklet. If you wish to change your

nomination or add a reversionary pensioner nomination, you must complete a 'Change of details' form available on our website or by contacting us.

If your nomination is not valid, your benefit will be paid to your legal personal representative as a lump sum.

If the nominated reversionary pensioner can no longer receive a death benefit (e.g. your nominee predeceases you or is no longer a valid dependant), you can nominate a new reversionary pensioner, or you can make a binding death benefit direction in favour of one or more of your valid dependant(s) and your legal personal representative. If your nominated reversionary dies before you or is no longer a valid dependant and you have made no binding death benefit direction, we will pay your benefit to your legal personal representative as a lump sum. This will result in the cessation of the income stream and the payment will be taxed as a superannuation lump sum.

### No binding death benefit direction

If we do not receive a valid binding death benefit direction or valid reversionary pensioner nomination, in the event of your death, we will pay your benefit to your legal personal representative. If we are unable to locate a legal personal representative, we may pay your death benefit to any other person permitted under superannuation law.

## Death benefit and the transfer balance cap

A death benefit lump sum must be cashed out of the Fund and is not assessed against the recipient's transfer balance cap.

A death benefit income stream that is paid to an eligible dependant, including to a nominated reversionary pensioner, is assessed against the transfer balance cap of the person receiving the death benefit income stream. In the case of a reversionary pensioner, the value of the reversionary income stream is not counted against the reversionary beneficiary's transfer balance cap for a period of 12 months from the date of death.

Where the death benefit income stream is not paid as a result of a reversionary pensioner nomination, it is assessed against the beneficiary pension transfer cap from the date the pension becomes payable.

## Tax

Where the death benefit income stream is paid to a child (or the nominated reversionary pensioner is a child of the deceased member), the benefit will only be paid as a pension if the child:

- is under the age of 18;
- is over the age of 18 but less than age 25 and was financially dependent on the member when he/she died; or
- has a recognised disability within section 8(1) of the *Disability Services Act 2006*.

A child pension will automatically terminate on the child's 25th birthday (unless the child has a recognised disability as defined above) and the balance of the pension account (if any) will be paid to the child as a tax free lump sum.

The transfer balance cap that applies to child dependants in receipt of a pension from a deceased parent is based on the deceased's superannuation income streams in the retirement phase, or, if the deceased did not have any superannuation income streams in the retirement phase, on the percentage received and the transfer balance cap. The child's own future transfer balance cap will not be impacted.

## Tax

This section outlines, in broad terms, tax considerations based on current tax laws at the time of preparation of this Guide. Up to date information is available from the ATO's website [ato.gov.au](http://ato.gov.au).

## Tax on contributions

### Concessional contributions

We deduct 15% tax from all concessional contributions made to your account.

This includes employer contributions (including contributions made under a salary sacrifice arrangement) and personal contributions for which you have advised us you intend to claim a tax deduction. Eligibility to claim a tax deduction for personal contributions is further explained under the heading 'Tax-deductibility of contributions' on page 15.

### Excess concessional contributions

Concessional contributions made in excess of the concessional contributions cap will be included in your assessable income and taxed at your marginal tax rate. You will receive a tax offset of 15% of the excess contribution, which recognises the tax paid on your behalf by the Fund. You will have the following options in relation to the excess concessional contribution:

- you may have the excess contribution refunded to you by making an election on the ATO approved form. In this case up to 85% of the contribution will be released from the Fund to the ATO and the ATO will refund any amount due to you. As the contribution has been refunded it will not count against any contribution caps; or
- alternatively, you may leave the excess contribution in the Fund. Any excess concessional contributions you leave in the Fund will count toward your non-concessional contributions cap.

### Non-concessional contributions

Where you make a non-concessional contribution, we will not deduct any tax. Non-concessional contributions include personal contributions for which you do not claim an income tax deduction.

### Excess non-concessional contributions

Where you exceed the non-concessional contribution cap in a financial year, you will have the following options in relation to the excess non-concessional contribution:

- you can elect to withdraw all of your excess non-concessional contributions and 85% of associated earnings, in which case the full amount of associated earnings will be taxable to you at marginal rates, less a 15% rebate. Partial withdrawals are not permitted; or
- you may elect to leave the excess contributions in the Fund, in which case the excess contributions will be taxed at 45% (plus the Medicare levy); or
- if no election is made, the default position is that the ATO will send a release authority to the Fund for the full amount as in the first option above.

### Rollovers from other funds

Generally, no tax is payable on amounts rolled over to the Fund from taxed superannuation funds.

Rollover benefits that have an untaxed element (which can occur when rolling over a benefit from a public sector fund)



will be subject to 15% tax on amounts up to the untaxed plan cap amount. Details of the untaxed plan cap amount can be found on the ATO's website [ato.gov.au](http://ato.gov.au). This tax will be deducted by us at the time the rollover is received by the Fund. Any amount in excess of the untaxed plan cap amount will be taxed at 45% (plus the Medicare levy) deducted by the originating fund and the balance will be received by us as part of the tax-free component. (See 'Tax on withdrawals and income stream payments' on page 17).

### Contributions by high income earners

If your total income plus concessional contributions (excluding excess concessional contributions) is more than the high income threshold, your contribution tax rate will be increased from 15% to 30% on all or part of the contribution to the extent that your concession cap is not exceeded.

Details of the high income threshold are available on the ATO's website [ato.gov.au](http://ato.gov.au).

In these circumstances, the ATO will send you a notice detailing the amount of tax owing along with a 'release authority', that can be sent to us to authorise the payment of this tax by the Fund. Alternatively, you may elect to pay the additional tax yourself from non-superannuation money.

### Reporting contributions to the ATO

We must report contributions received for members to the ATO. The ATO uses this information to, among other things, monitor and administer excess contribution rules and match data for the Government co-contribution.

## Tax-deductibility of contributions

Generally, you can receive a tax deduction for permitted personal contributions to the Fund, so long as you have sufficient assessable income. If you are aged 67-74 you must have been gainfully employed for at least 40 hours in any period of 30 consecutive days during the financial year in which the contributions are made (known as the 'work test') or meet the work test exemption.<sup>12</sup>

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<sup>12</sup> Generally, the work test exemption allows individuals aged 67-74 with total superannuation balances below \$300,000 the ability to claim a deduction for permitted personal contributions if they don't meet the work test for that financial year but did in the

Tax-deductible contributions will be counted towards your concessional contribution cap. Amounts in excess of the contributions cap will be included in your assessable income and taxed at your marginal tax rate (see the 'Tax on contributions' section on page 14).

When considering the deductibility of personal contributions, you should have regard to contributions made on your behalf by your employer (which will also count against your concessional contribution cap).

### Claiming a tax deduction for personal contributions

A tax deduction for personal contributions will not be permitted unless you notify us in writing of, and we accept, the amount you intend to claim. You can notify us by completing the ATO form 'Notice of intent to claim a tax deduction for super contributions' and giving it to us, or by completing the online tax deduction form. The form must be given to us before the earlier of the following dates:

- the date of lodgement of your income tax return for the financial year in which the contribution was made; and
- the end of the financial year immediately following the financial year in which the relevant contribution/s were made.

We will write to you confirming the status of your personal contributions after the end of the financial year. Once you have advised us that you intend to claim a tax deduction, if we accept your request, we will issue an acknowledgement notice that we have recorded these contributions as concessional contributions. You cannot claim a tax deduction until you have received this notice.

There may be instances where you need to notify us earlier, such as prior to the time at which you withdraw the benefit, rollover to another provider or begin an income stream.

You should be aware that if you:

- rollover your super to another fund; or
- withdraw your benefit from the Fund; or

prior financial year. This is only allowed once i.e. only applies if you have not used the work test exemption (either for acceptance of contributions or to claim a tax deduction in any previous financial year).



## Tax

- commence an income stream; or
- split contributions to your spouse;

before you submit your notice of intent to claim a tax deduction, and before you receive acknowledgement from us, then you may be unable to claim a tax deduction for your contribution.

For more information on this matter, consult your financial adviser or accountant or contact us. Up to date information is also available on the ATO's website at [ato.gov.au](http://ato.gov.au).

## Tax on investment earnings

### Tax on Personal Super and Employer Super accounts

The Fund is required to pay up to 15% tax on the taxable investment earnings (including realised capital gains) of the Personal Super and Employer Super divisions of the Fund.

### Tax on Income Streams

#### Standard Income Stream and TAPs

No tax is payable on income (including realised capital gains) to the Fund derived from assets supporting the Standard Income Stream or TAPs.

#### TTR Income Streams

The tax treatment of earnings and realised capital gains earned on assets supporting a TTR Income Stream may vary depending on your situation:

- Where the TTR Income Stream is not in retirement phase, the earnings and realised capital gains will be taxable within the Fund at up to 15%. This occurs where you begin a TTR Income Stream because you have reached preservation age but have not met an applicable condition of release with a nil cashing restriction (such as retirement or reaching age 65).
- Where the TTR Income Stream is in retirement phase, no tax is payable on income to the Fund. This occurs where, if having started a TTR Income Stream, you then meet an applicable condition of release and the TTR Income Stream is transferred to retirement

phase.<sup>13</sup> The balance will count against your transfer balance cap (see below) and the restrictions on commutation to a lump sum and the 10% maximum pension limit cease to apply.

If, having met a suitable condition of release, you wish to convert the TTR Income Stream to a Standard Income Stream, you will need to commute the TTR Income Stream and restart a new Standard Income Stream.

### Transfer Balance Cap

A transfer balance cap applies to limit the amount of capital you can transfer to the retirement phase to start an income stream. This cap may change from time to time. Up to date information is available on the ATO's website at [ato.gov.au](http://ato.gov.au).

If you exceed your transfer balance cap, the ATO will direct you or us to reduce your retirement phase income streams by the amount of the excess transfer balance.

The transfer balance cap does not affect the amount of money that you can have in the accumulation phase of the Fund (i.e. in Personal Super, Employer Sponsored Super or a TTR Income Stream that is not in retirement phase). Any amount you have in the Fund above the transfer balance cap can be retained in the accumulation phase (other than a death benefit) and/or be taken as a lump sum payment.

If you exceed the transfer balance cap you will be liable for excess transfer balance tax on the earnings of the excess amount. The excess transfer balance tax rate is 15% the first time you have an excess transfer balance which increases to 30% for any subsequent breaches.

TAPs that were in existence on 30 June 2017 and have not been commuted to commence a new TAP, have a special calculated value reported as the transfer balance credit. Where this special value credit exceeds the cap, it is not an excess transfer balance amount and there are no excess tax consequences.

When a TAP is commuted for the first time on or after 1 July 2017 to commence a new TAP, the transfer balance account debit is calculated based on various factors

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<sup>13</sup> Your TTR Income Stream account will automatically convert to a TTR (retirement phase) Income Stream account once you reach age 65.

## Tax

including, amongst others, the original transfer balance credit, pension payments and some commutations taken. This calculated debit is recorded against the member transfer balance account.

The new TAP will have a transfer balance credit value equal to the commencement value of the new TAP.

Where this results in an excess to the members cap, the ATO will issue a determination which allows (only) the commutation of the excess amount to a lump sum from the TAP to accumulation phase where it can be retained or paid out as a lump sum.

### How tax on earnings is applied to your account

Where your account is subject to tax on earnings the following information applies.

For managed fund distributions, tax is taken from your account at the time income is credited. For most managed funds, this will be at the rate of 15% of the whole distribution. The fund manager provides the relevant tax component information after the end of each financial year at which time we will make an adjustment (if applicable) to the tax charged to your account. The value of your account will then reflect any franking credits and tax-free amounts (such as discount on capital gains distributions) and tax-deferred distributions that are applicable to your account.

Dividends received during the relevant financial year are processed as franked and/or unfranked at the time of receipt. Tax is charged at 15% on dividends when received for accumulation and TTR members and any franking credits received at this time are credited to your account. We will determine the rate at which franking credits are applied and that rate may change from time to time. We currently apply 98% of the franking credits entitlement to members.

Realised capital gains will be taxed at 15%. If an asset held in your account for 12 months or more is sold, the amount of the capital gain that is taxed will be discounted by one third of the total gain. Tax will be applied to capital gains at the time the asset is sold.

Where a capital loss is incurred, a tax credit will be applied to your account. We will consider the likelihood of the Fund making a net capital gain overall and the ability to offset capital losses incurred in individual accounts against capital gains generated within the Fund. If this is assessed

as unlikely, then for as long as this is the case, members who leave the Fund will not receive the tax benefit of any net capital losses incurred in their account.

For any tax deductible expenses, a tax benefit is credited to your account at the time of charging the expense to your account.

Tax legislation in overseas jurisdictions may vary significantly from that in Australia. You should seek your own tax advice if you are considering investing in international securities in any overseas jurisdiction.

Income derived from international securities held within the Fund may be subject to withholding tax. We will reflect any such tax in your account and where possible claim relevant foreign tax credits, which once confirmed, will be reflected in your account. To the extent to which it is available to us through the Administrator and its sub-custodians, we provide tax reclaim services in relation to certain overseas jurisdictions to seek to have withholding tax deducted at the reduced treaty rate for that jurisdiction. However, these services are available on a reasonable endeavours basis only, and we will not be responsible for securing the actual underlying tax relief with relevant tax authorities and have no liability to you for any failure or delay in obtaining any tax reclaim.

Additional taxation information may be required in relation to holding international securities in the United States of America ('USA'). The USA's *Foreign Account Tax Compliance Act* ('**FATCA**') requires institutions foreign to the USA who invest in the USA to disclose certain information about their account holders to the USA Internal Revenue Service or be subject to a 30% withholding tax on income and gross proceeds from the sale of financial assets in the USA. We will endeavour to meet these requirements however we provide no assurances in this regard and investments in US securities held in the Fund may be subject to this 30% withholding tax.

## Tax on withdrawals and income stream payments

When you receive a lump sum or income stream payment from the Fund, tax may apply to the taxable component.

## Tax

**Taxable component:** The taxable component is the value of your account less the tax-free component.

**Tax-free component:** This component generally arises from non-concessional contributions.

When a payment is made from the Fund, tax may apply to that payment. The rate of tax is determined by the age of the recipient, whether the payment is a lump sum benefit or income stream payment and the extent to which the payment is a taxable or tax-free component. Tax free components are always received tax free. The rates that generally apply to the taxable component for benefits payable from the Fund are shown in Table 5.

**Table 5: Tax payable on taxable component<sup>14</sup>**

| Age                        | Lump sum   | Income stream   |
|----------------------------|--|---|
| 60 and above               | no tax   | no tax <sup>15</sup>  |
| Preservation age to age 59 | no tax up to the low rate cap. <sup>16</sup> 15% plus Medicare levy applies to amounts above the low rate cap. | marginal tax rate plus Medicare levy less the 15% tax offset. |
| Below preservation age     | 20% plus Medicare levy   | marginal tax rate plus Medicare levy (no tax offset applies). |

The above table applies in most cases, except if you are under age 60 and have not provided a TFN, in which case the required rate of withholding is 45% (plus the Medicare levy).

### Tax offsets for income stream payments

You may be eligible for a 15% tax offset on the tax payable by you on the taxable portion of an income stream payment (as shown in Table 5). This offset is generally available from preservation age to age 59 or if you are in receipt of a death or disability superannuation income

stream. We may apply the 15% tax offset where you have completed a 'TFN Declaration' instructing us to apply the tax offset to your income stream.

## Tax on death benefits dependant(s)

### Lump sum death benefits

#### Lump sum payment to death benefits dependant(s)

A lump sum death benefit payment to your death benefit dependant(s), as defined below, will be tax-exempt.

#### Lump sum payment to legal personal representative

Death benefit payments paid to your legal personal representative are taxed in the hands of your legal personal representative according to how the final distribution of the deceased estate will be made. If payment is made to your legal personal representative who then applies the benefit to persons who are your death benefits dependant(s) (as defined below) as a lump sum benefit, the payment will be exempt from tax. If your legal personal representative applies the benefit to a non-dependant (such as an adult child), the taxable component will be taxed at 15% (the Medicare levy does not apply to deceased estates).

#### Lump sum payment to non-dependants

Generally the taxable component of any lump sum death benefit payment made from your account to a non-death benefits dependant is assessable income to the recipient and they are entitled to a tax offset to ensure that they pay no more than 15% tax (plus Medicare levy) on the taxable component of the benefit. If the death benefit payment includes proceeds from a death or disability insurance payment, the death benefit payment may include an untaxed amount and the recipient is entitled to a tax offset to ensure that they pay no more than 30% tax (plus Medicare levy) on the untaxed amount. No tax applies to the tax free component.

### Death benefit dependants

For concessional tax treatment of a death benefit the payee must be a 'death benefits dependant' under the tax

<sup>14</sup> This table does not deal with tax payable on death benefits.

<sup>15</sup> Tax may be payable on TAPs where pension payments exceed the yearly cap. Up to date information on caps and limits is available on the ATO's website at ato.gov.au.

<sup>16</sup> Details on the low rate cap are available on the ATO's website at ato.gov.au.

definition of that term. A 'death benefits dependant' can be any one of the following:

- the deceased person's spouse or former spouse; or
- the deceased person's child, aged less than 18; or
- a financial dependant at the time of death; or
- any other person with whom the deceased person had an interdependency relationship just before he or she died; or
- any other person who was a dependant of the deceased person just before he or she died.

### Spouse or former spouse

The definition is the same as superannuation dependant for spouse, but also extends to former spouses (see page 12).

### Child aged less than 18

The definition is the same as superannuation dependant for child, but is limited to children under 18 (see page 12).

### Interdependency relationship

This definition is the same as for a superannuation dependant (see page 12).

### Tax on death pensions

The taxation of a death benefit pension will depend on the age of the deceased and the beneficiary. The tax-free component of the income stream is tax free irrespective of the age.

If the deceased member was aged 60 or over at the time of death, then payments to the pension beneficiary will be tax exempt. If the deceased member was under age 60, any pension will be taxed according to the age of the pension beneficiary. That is, if the pension beneficiary is under 60, at their marginal tax rate on the taxable component of the income payment, with tax reduced by the 15% pension offset, or if the pension beneficiary is aged 60 or over, the income stream will be tax exempt.

## Tax file numbers and superannuation

Under the *Superannuation Industry (Supervision) Act 1993* and taxation law, we are authorised to request and collect your tax file number ('TFN'), which will only be used and disclosed for lawful purposes.

These purposes may change in the future as a result of legislative change. We may disclose your TFN to another

superannuation provider or permitted entity when your benefits are being rolled over or transferred, unless you request us in writing that your TFN not be disclosed.

It is not an offence not to quote your TFN. However, giving your TFN to us will have the following advantages (which may not otherwise apply):

- we will be able to accept all types of permitted contributions made to your account;
- other than the tax that may ordinarily apply, no additional tax will be deducted when you contribute or start drawing down your superannuation benefits; and
- it will make it much easier to trace different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

The lawful purposes for which your TFN can be used and the consequences of not quoting your TFN may change in the future as a result of legislative changes.

For more information, please contact us or the ATO on 13 10 20.

### If you do not provide your TFN

While it is not compulsory, it is important that you quote your TFN to us. If you do not quote your TFN the following may occur:

- You cannot make personal contributions to your account. If you do make any personal contributions, we must return these to you within 30 days of becoming aware that we do not have your TFN.
- No Government co-contributions are payable, as non-concessional contributions cannot be accepted.
- Concessional contributions made to your account that are able to be accepted will be effectively taxed at the highest marginal tax rate (currently 45% plus the Medicare levy) compared to the usual contributions tax rate of 15%.
- We will charge a contribution refund transaction fee if we need to return any contributions to you (see the PDS for information about this fee).

Where you are under age 60 and in receipt of an income stream, it is important that you have completed a 'TFN Declaration'. This instructs us to apply the tax-free threshold and any deductions or offsets that you may be eligible for, to the Pay as You Go ('PAYG') tax calculation on

## Further information

any taxable component of your income stream. If you do not complete this form, PAYG tax may be withheld at the highest marginal tax rate from your income stream payments (currently 45% plus the Medicare levy). The 'TFN Declaration' is included in the Application Forms Booklet.

## Further information

### 'Lost' members and unclaimed super

A lost member is a member of a super fund who is inactive<sup>17</sup>, uncontactable, or transferred from another super provider as a lost member. A member is not a lost member if their address has been confirmed in the past two years, or they have indicated that they want to remain a member.

Under certain circumstances, including those listed below, your super benefits may be treated as unclaimed super, if:

- you have reached eligibility age and we have not received a contribution on your behalf for at least two years and it has been five years since we last had contact after we have made reasonable efforts to do so; or
- as a lost member, the balance of your account is considered by the ATO to be a small account<sup>18</sup>;
- as a lost member, your account has been inactive for a period of 12 months and we are satisfied that it will never be possible to pay an amount to you; or
- you were a temporary resident and that temporary visa lapsed at least six months ago (and left Australia at least six months earlier) and you are not the holder of a temporary, prescribed or permanent visa and have not made application for a permanent visa and are not an Australian or New Zealand citizen.

Where your benefit becomes unclaimed super, we are required to pay it to the ATO within certain time frames. Thereafter, we have no responsibility for your benefit and you must claim it from the ATO.

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<sup>17</sup> Inactive in this context is where a member joined the Fund as a standard employer sponsored member, the member has been a member of the Fund for more than 2 years and no contribution or rollover has been received for the member in the last 5 years.

<sup>18</sup> The ATO currently considers an account to be a 'small account' if the account is less than \$6,000.

In addition to the above, we are required to pay your super benefits to the ATO if you are an 'inactive low-balance member'<sup>19</sup> where:

- no contribution or rollover has been received for 16 months; and
- the balance of your account is less than \$6,000; and
- insurance is not being provided in your account; and
- you have not met any of the exemptions (such as meeting any prescribed condition of release or giving us certain instructions); and
- you have not given us or the ATO a written declaration that you are not an inactive low-balance account member of the Fund, or such a declaration has expired.

If you hold an Employer Sponsored Super account within the fund and we are advised that you have ceased employment, your super benefits are treated as follows:

- If you hold insurance cover within your account, your super benefit is transferred to Personal Super;
- If your account balance is \$1,000 or greater, your super benefit is transferred to Personal Super.

Otherwise, we pay your super benefit to the ATO.

## Temporary residents

If you are working in Australia as a temporary resident, you may be able to claim your superannuation money when you depart. This applies where:

- you were visiting on a temporary visa listed under the *Migration Act 1958*, excluding visa subclasses 405 and 410;
- you were on a working holiday maker visa (417 & 462);
- your visa has expired or has been cancelled; and
- you have permanently departed Australia.

It does not matter how long you stayed in Australia on your temporary visa, or the reason that you departed. As long as you visited Australia on an eligible temporary resident visa, you are entitled to claim your super benefits as a Departing

<sup>19</sup> 'Inactive low-balance member' obligations introduced under Protecting Your Superannuation reforms, and any ATO requirements regarding the manner, form and frequency of written declarations to be given to the ATO or a trustee, are subject to change.

## Further information

Australia Super Payment ('DASP') once you depart and your visa has expired or been cancelled. This payment is not available for Australian or New Zealand citizens or a permanent resident of Australia.

To lodge a DASP claim, it is recommended you use the ATO online application system ([ato.gov.au](http://ato.gov.au)). This service verifies your eligibility directly with the Department of Immigration; allows you to provide correspondence and payment details; and submits these details together with approval to your super fund to release your benefits to you.

Once your application is lodged, you should allow two weeks for the ATO to verify and confirm your eligibility before contacting us by email at [contact@netwealth.com.au](mailto:contact@netwealth.com.au) or by phoning us on +613 9655 1300 to ensure your application has been received and to discuss any additional requirements.

Your superannuation money will be subject to withholding tax on the taxable component at the rate of 35% or 65% for working holiday makers, from a taxed fund. This applies regardless of whether the ATO or the Fund pays your benefit.

## General information only

The information provided in Information Guide 2 is general information only, and does not take into account your personal objectives, financial situation or needs. You should consider whether the information is appropriate for you in light of your personal objectives, financial situation and needs, and you should consider seeking advice from a financial adviser before deciding whether to invest in the Fund. If at any time a feature of the product as described in Information Guide 2 is not consistent with our legal obligations, our legal obligations will prevail.

## Currency of information

The information in Information Guide 2 is current as at the date of publication and is based on rates, thresholds and laws applying at that date. These rates, thresholds and laws may change and therefore, before relying on any of it, you should consider obtaining specific legal, tax or financial advice relevant to your circumstances from a qualified professional.