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SMSF STRATEGIES SPECIALIST SMSF ADVISER TRAINING

Module 2 – SMSF Strategies in Practice

MODULE 2 OVERVIEW

- ❖ Five step SMSF Strategy Model
- ❖ Complete simple pension case study
- ❖ Insider's guide – how to pull the strategy apart and the traps and pitfalls with simple problems
- ❖ Review of the SMSF strategies trust deed
- ❖ Corporations Act 2001 and financial pension products
- ❖ SIS Act 1993 and the ATO draft ruling on pensions



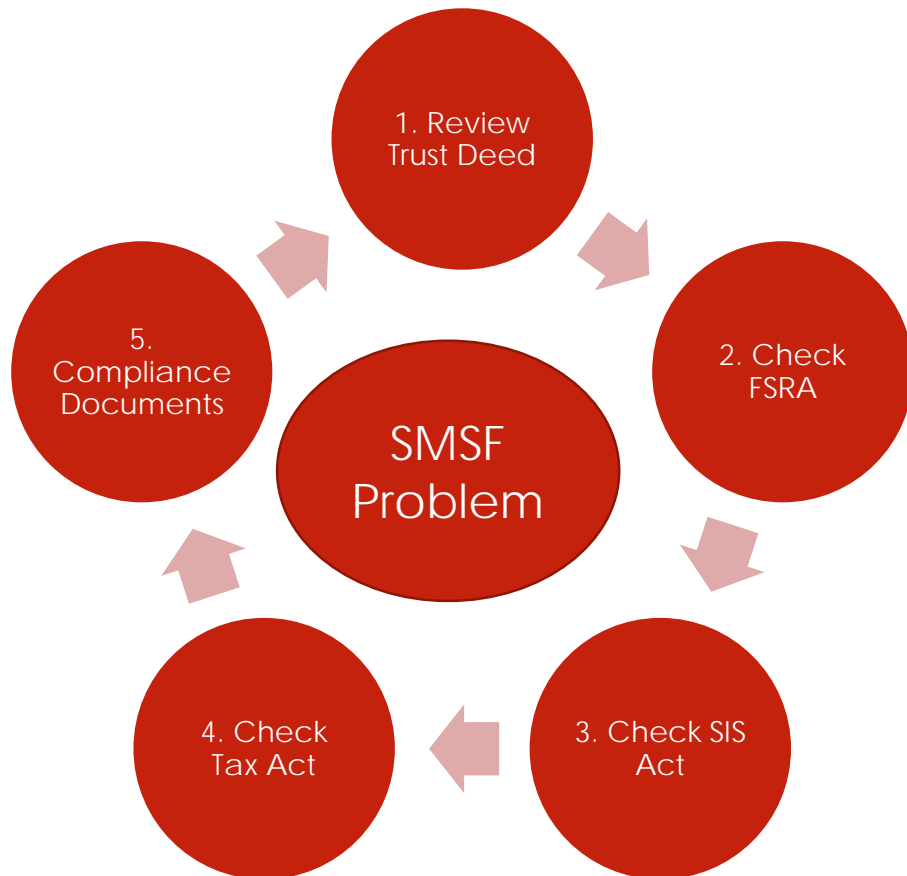
PREVIEW OF MODULE 2

QUIZ QUESTIONS (MULTIPLE CHOICE ANSWERS)

- ❖ Which is not part of the five step SMSF Strategies compliance model covered in Module 2?
- ❖ We reviewed the rule in the SMSF Strategies Trust Deed looking at paying superannuation benefits. The rule was ... ?
- ❖ In the SIS Regulations, the ability to pay a transition to retirement income stream of preservation age is found under which item in Schedule 1?
- ❖ In the training video Grant looked at the payment of a pension under the SIS Regulations 1994 – what regulation was it?
- ❖ The draft Pension ruling form the Commissioner seen in the training video is ...



FIVE STEP STRATEGY IMPLEMENTATION GUIDE

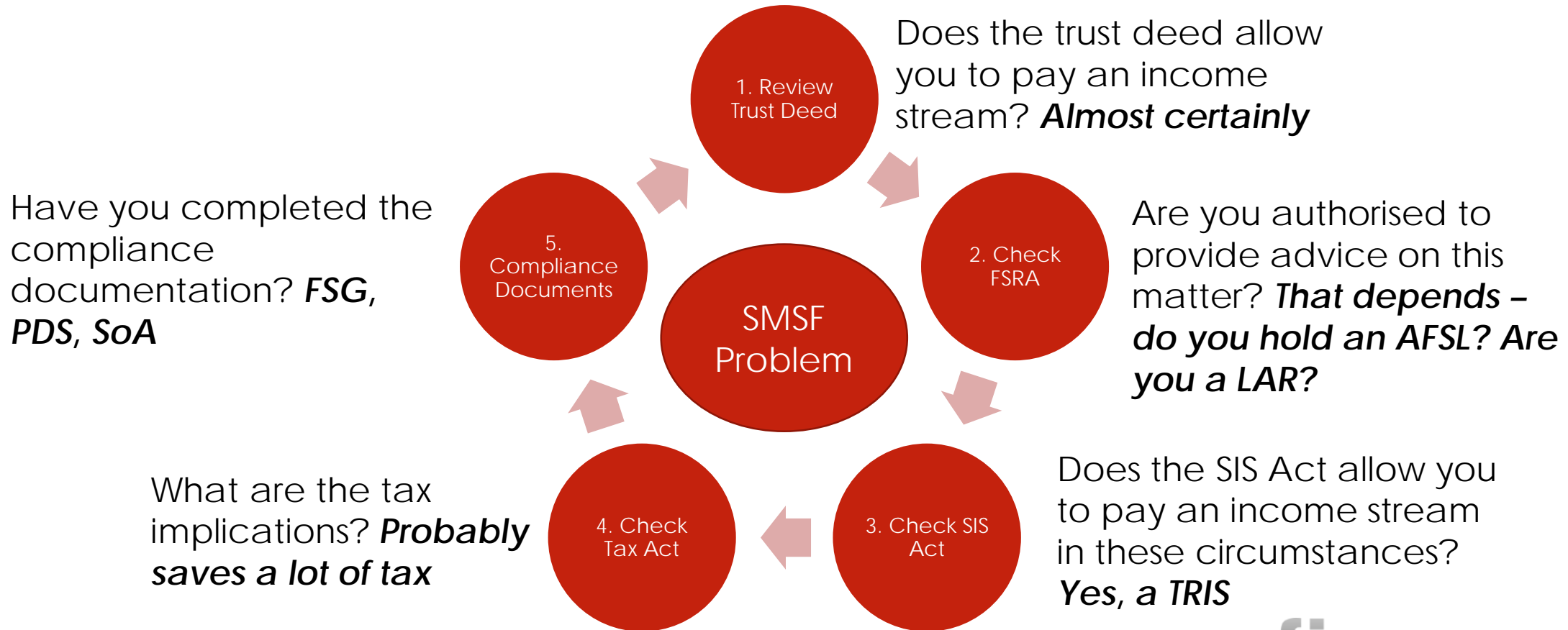


ACTIVITY – SIMPLE SMSF MATTER

- Turn to page 16 of your Training Notes and complete the activity (10 minutes)



FIVE STEP STRATEGY IMPLEMENTATION GUIDE



INDEED, IT'S ALWAYS THE DEED!!

- The Trust Deed sets out the rules of the Fund
- When examining whether a particular strategy is acceptable, never assume a Deed will cover it – TRIS and LRBA – always check the Deed
- If a Deed is breached (i.e., trustees of SMSF don't follow its rules), then liability extends to?
- Encourage Trustees to update Deeds regularly

Group Discussion: How often should SMSF Trust Deeds be updated??

THINGS TO NOTE FOR THE QUIZ

- TRUST DEED RULE



Part Four – Paying Superannuation Benefits from a Superannuation Interest

Rule 25 – Accessing Member Superannuation Benefits

25.1 The Trustee is authorised to pay out a Superannuation Lump Sum or Superannuation Income Stream from a Member Superannuation Interest where the Member meets a Condition of Release in accordance with the Superannuation Laws. However, only Superannuation Benefits permitted in conjunction with the relevant Cashing Restriction for that Condition of Release are authorised to be paid by the Trustee to the Member or any other person allowed pursuant to the Superannuation Laws.

Specific Benefits Payable by the Trustee of the Fund

25.2 Subject to the Superannuation Laws and without limiting the powers of the Trustee under Rule 25.1 of the Fund, the following Superannuation Benefits or other benefits may be paid by the Trustee at the Member's Request, the Trustee's discretion and if authorised under Rule 25.1:

- a) where the Member, in the Trustee's opinion, is Temporarily Incapacitated, they may commence a Temporary Incapacity Superannuation Income Stream until such time as the Member is no longer Temporarily Incapacitated;

THINGS TO NOTE FOR THE QUIZ

- SIS REGS 110



110

Attaining preservation age

Any of the following:

- (a) a transition to retirement income stream;
- (b) a non-commutable allocated annuity;
- (c) a non-commutable allocated pension;
- (d) a non-commutable annuity;
- (e) a non-commutable pension

111

Being a lost member who is found, and the value of whose benefit in the fund, when released, is less than \$200

Nil

THINGS TO NOTE FOR THE QUIZ

- SIS REGS DIV 1A.1 1.06

Part 1A Annuities and pensions



Division 1A.1

1.05A	Interpretation	41
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1.06	Meaning of <i>pension</i> (Act, s 10)	62
1.07	Periods when beneficiary may not receive benefits	81
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Part 2 Information for certain parties

Division 2.1 Introductory

2.01	Interpretation	90
2.02	Scope and application of this Part	90

WHEN A PENSION CEASES AND COMMENCES – WHY IT MATTERS

- s. 295.385(1)
- Fund income exempt from tax to the extent that it is from segregated current pension assets
- If the members of the fund are all pension recipients, then all fund assets are “segregated current pension assets,” and all fund income is exempt.



THINGS TO NOTE FOR THE QUIZ - COMMISSIONER'S DRAFT RULING



Australian Government
Australian Taxation Office

Draft Taxation Ruling

TR 2011/D3

Status: draft only – for comment

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Draft Taxation Ruling

Income tax: when a superannuation
income stream commences and ceases

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QUIZ TIME

- Go online
- Take the Module 2 Assessment
- Ask us if you have any queries
- You will have TWO opportunities to take the quiz

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WHAT'S NEXT

- Module 3 – Corporations Act and SMSFs

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