

SMSF Kits - Overview

Sort of Kit	Overview	Main Features	When to Use	Inclusions
<p>FY 2011* SMSF Kit</p> <p>*This kit is updated at the start of each financial year ('FY') with key figures and relevant tips, etc, for that FY.</p>	<p>This kit provides guidance for SMSF trustees in reviewing their FY * activities.</p>	<p>This kit provides a list of the key FY * issues that the SMSF might face for the FY * and then outlines how to address these issues to assist compliance.</p> <p>Issues include contributions, pensions, overseas issues, death benefit nominations, investments, annual administration etc.</p>	<p>This list is ideal for clients and advisers to review the current FY's key issues. It is ideal to do such a review at the start and end of the relevant FY.</p>	<ul style="list-style-type: none"> • a detailed checklist of points that require special attention during the FY *; • an FY * guide providing guidance and practical commentary to assist completion of the checklist; • relevant figures for the FY *, eg, applicable tax thresholds and rates for SMSFs and benefits; • instructions on how to claim a personal contribution; and • annual review of investment strategy resolutions.
<p>Investment Strategy Kit</p>	<p>This kit provides a practical, comprehensive explanation of how to draft investment strategies for SMSFs.</p>	<p>This kit provides important, practical information on investment strategies and how to draft them.</p> <p>It also includes the following three detailed sample strategies:</p> <ul style="list-style-type: none"> • balanced, diversified strategy; • real estate only strategy (one member in pension mode); and • gearing strategy to acquire real estate. 	<p>This kit should be used when the investment strategy of an SMSF is being formulated, or reviewed.</p>	<ul style="list-style-type: none"> • background information regarding how to draft a proper investment strategy and what the strategy should contain; • templates to help trustees and their advisers draft investment strategies, including: <ul style="list-style-type: none"> ○ balanced investment strategy; ○ real estate only strategy; and ○ gearing strategy. • a useful tool to manage contributions for each FY to minimise excess contributions tax.

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Investment Reserving Kit	<p>The kit provides valuable guidance on establishing and managing reserves.</p> <p>It focuses specifically on investment reserves (ie, earnings from the fund's investments which are credited to a reserve account) and unallocated reserves.</p>	<p>This kit provides direction on how to establish, maintain or apply reserves in an SMSF.</p> <p>It explains the benefits of reserves whilst outlining situations where their use would be very valuable.</p> <p>It also considers the taxation implications of allocating reserves in respect of contributions caps. In doing so it uses worked examples to help trustees and their advisers better understand the relevant concepts.</p>	<p>This kit is ideal for clients who are considering establishing reserves, as well as those who want assistance in managing reserves in an SMSF.</p> <p>A reserve may be established to accumulate funds which can be made available for boosting investment returns for members or paying unforeseen liabilities and for a range of other permitted purposes.</p> <p>Many SMSFs that reserve do not have appropriate paperwork in place. This kit is ideal for SMSFs to document an investment reserve.</p>	<ul style="list-style-type: none"> • a detailed checklist outlining steps a trustee should take to establish, maintain or apply reserves of an SMSF; • a detailed Investment Reserving Memo; • draft trustee resolutions for a range of situations including: <ul style="list-style-type: none"> ○ establishing a reserve; ○ reviewing a reserve strategy; and ○ allocating reserve.
Pension Kit: Commencement – Account-Based Pension	<p>This kit contains all documentation and instructions necessary to commence an account-based pension ('ABP').</p> <p>Naturally, it assumes the SMSF's governing rules provide for this pension.</p>	<p>Provides documentation to commence an ABP.</p> <p>An ABP Product Disclosure Statement ('PDS') is also included in the kit and provides valuable background information on what an ABP is, as well as explaining the benefits and risks associated with ABPs. Note this PDS is specifically tailored for an ABP.</p> <p>The kit includes information on how to calculate minimum pension payments for the ABP.</p> <p>An option to nominate a reversionary beneficiary is included in the kit.</p>	<p>An ABP allows pensioners to receive a pension payment of any amount provided at least the minimum annual payment amount (as pro-rated) is paid each year.</p> <p>This kit should be used to ensure relevant documents are in place to comply with the SISA, tax legislation and the <i>Corporations Act (Cth)</i> 2001.</p>	<ul style="list-style-type: none"> • instructions on how to complete the ABP kit documentation and a completion checklist; • an ABP PDS and member application; • draft trustee resolutions; and • an ABP summary for the member, including guidance on how to calculate the minimum payments.

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Pension Kit: Commencement – Transition to Retirement Income Stream	<p>This kit contains all documentation and instructions necessary to commence a transition to retirement income stream ('TRIS').</p> <p><u>Important note:</u> This kit includes flexibility to convert the TRIS into an ABP without further action when the member satisfies a condition of release with a nil cashing restriction (eg, attaining 65 or retirement).</p> <p>Naturally, it assumes the SMSF's governing rules provide for this pension.</p>	<p>Provides documentation to commence a TRIS.</p> <p>A TRIS Product Disclosure Statement ('PDS') is also included in the kit and provides valuable background information on what a TRIS is, as well as explaining the benefits and risks associated with TRISs. Note this PDS is specifically tailored for a TRIS.</p> <p>The PDS also provides other invaluable information on the various issues that need to be considered when commencing a TRIS. These include a discussion of the tax consequences.</p> <p>The kit includes information on how to calculate minimum pension payments for the TRIS.</p> <p>An option to nominate a reversionary beneficiary is included in the kit.</p>	<p>A TRIS is a type of pension that converts superannuation savings into a flexible income stream before the recipient (ie, the pensioner) has retired.</p> <p>This kit should be used to ensure relevant documents are in place to comply with the SISA, tax legislation and the <i>Corporations Act (Cth)</i> 2001.</p> <p>Please note that the fund's trust deed must allow for the TRIS to be paid.</p>	<ul style="list-style-type: none"> • instructions on how to complete the TRIS kit documentation and a completion checklist; • an TRIS PDS and a member application; • draft trustee resolutions; and • an TRIS summary for the member, including guidance on how to calculate the minimum payments.
Pension Kit: Commencement – Market Linked Pension	<p>This kit contains all documentation and instructions necessary to commence a market linked pension ('MLP').</p> <p>Note that an MLP can only be commenced from a roll-over from another MLP or from certain defined benefit pensions (expert advice should be obtained here.)</p> <p>Naturally, it assumes the SMSF's</p>	<p>Provides documentation to commence an MLP.</p> <p>A product disclosure statement ('PDS') is also included in the kit and provides valuable background information on what a MLP is, as well as explaining the benefits and risks associated with MLPs. Note this PDS is specifically tailored for a MLP.</p>	<p>An MLP is used when a member wants to have a pension for a fixed term. For example, for the remainder of their life. However, an MLP can generally only be commenced before 20 September 2007, unless a roll-over is received from another MLP or a defined benefit pension.</p> <p>This kit should be used to ensure relevant documents are in place to comply with the SISA, tax</p>	<ul style="list-style-type: none"> • instructions on how to complete the MLP kit documentation and a completion checklist; • an MLP PDS and member application; • draft trustee resolutions; • an MLP summary for the member, including guidance on how to calculate the minimum payments; and • guidance as to what terms

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	governing rules provide for this pension.	<p>The kit includes information on how to calculate minimum and maximum pension payments for an MLP.</p> <p>Information regarding allowable terms of an MLP is included.</p> <p>An option to nominate a reversionary beneficiary is included in the kit.</p>	legislation and the <i>Corporations Act (Cth)</i> 2001.	are allowable for an MLP under the SISA.
Pension Kit: Conversion – From AP - ABP	<p>This kit allows a member's existing allocated pension ('AP') to be converted directly to an ('ABP').</p> <p>APs were phased out on 20 September 2007 and are now not as flexible or well understood as an ABP. Thus most SMSFs have converted their old APs to the more modern ABP. A conversion should not result in a recalculation of the tax free and taxable components as it is not a commutation. Note expert advice should be obtained if in doubt.</p>	<p>The kit contains all documentation necessary to convert an AP to an ABP.</p> <p>A PDS is included for the newly established ABP which outlines what an ABP is, as well as explaining the risks and benefits associated with ABPs.</p> <p>All resolutions, notices and consents are included in the kit.</p> <p>The kit includes information on how to calculate minimum pension payments for the ABP.</p> <p>An option to nominate a reversionary beneficiary is included in the kit.</p>	<p>APs cannot be commenced after 20 September, 2007. APs require a minimum and maximum payment to be calculated. A member may want more flexibility in their pension (eg. An ABP has no maximum payment requirement).</p> <p>As SMSF deeds are upgraded since 20 September 2007, it is more likely that the deed will not contain an express power to continue to pay an AP. As such, conversion to an ABP may be more likely to comply with the SMSF deed.</p>	<ul style="list-style-type: none"> instructions on how to complete the ABP kit documentation and a completion checklist; an ABP PDS and a member application; draft trustee resolutions and relevant notifications; and an ABP summary for the member, including guidance on how to calculate the minimum payments.
Pension Kit: Roll-Back (Commutation/Termination)	This kit provides guidance for members who want to stop a pension and roll-back the lump sum into their accumulation account (ie, an internal roll-over).	This kit provides all the necessary documentation needed to terminate a pension and roll the resulting lump sum back into the fund. Comprehensive instructions on how to complete this documentation is also provided.	<p>This kit is essential for clients who wish to stop a pension or add to their accumulation account within the fund.</p> <p>This roll-back kit can be used to roll-back the following types of</p>	<ul style="list-style-type: none"> instructions on how to complete the roll-back kit documentation which incorporates a checklist for completing the documentation; a letter to the trustee from the

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		<p>This kit also outlines each stage of the roll-back process and the relevant steps that need to be taken.</p>	<p>pensions:</p> <ul style="list-style-type: none"> • account-based pension; • allocated pension; • market linked pension; • transition to retirement income stream; and • transition to retirement allocated pension. 	<ul style="list-style-type: none"> • member which requests that the member's pension be rolled-back; • draft resolutions that note the trustee's acceptance of the member's request and confirm that the trustee's reporting obligations have been discharged; and • a letter to members confirming their pension has been rolled-back.
SMSF to SMSF Roll-Over Kit	<p>This kit contains documentation and instructions necessary to roll-over a lump sum from one SMSF to another.</p>	<p>This kit documents a roll-over of a lump sum from one SMSF to another.</p> <p>It gives detailed instructions on the steps the trustee must take to roll-over the amount.</p>	<p>This kit can <i>only</i> be used where the proposed roll-over is from one complying SMSF to another complying SMSF.</p> <p>It can be used to record a lump sum roll-over of a member's balance.</p>	<ul style="list-style-type: none"> • instructions on how to complete the kit including a detailed completion checklist; • necessary forms including: <ul style="list-style-type: none"> ○ member's request to roll-over; ○ confirmation to member from receiving fund; and ○ draft trustee resolutions; and ○ relevant ATO form.
Lump Sum Kit	<p>This kit provides comprehensive information to facilitate the payment of a lump sum.</p>	<p>This kit provides documentation needed to facilitate a lump sum payment.</p> <p>A checklist is also included which outlines each stage of the process and the relevant steps that need to be taken.</p> <p>The requirements of a 'condition of release' of a lump sum benefit are also outlined in the kit.</p>	<p>This kit is ideal for clients who wish to have their SMSF pay out a lump sum.</p> <p>Note that this kit is for the payment of a lump sum to a member who has satisfied a valid condition of release (or has otherwise satisfied the preservation rules).</p> <p>If a member wishes to roll-over their benefit to another SMSF or other superannuation fund, they</p>	<ul style="list-style-type: none"> • instructions on how to complete the kit including a detailed completion checklist; • a letter of request from the member; • draft trustee resolutions; and • PAYG payment summary.

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			should refer to DBA's SMSF to SMSF Roll-over kit.	
Trustee Compliance Kit	This kit helps trustees ensure that their SMSFs comply with relevant trustee duties especially how to record trustee resolutions and minute keeping.	<p>This kit provides general guidance on the procedural requirements of decision recording that should be undertaken by the trustee of an SMSF.</p> <p>It also outlines the importance of proper resolutions/ minute keeping.</p> <p>Example minutes are also provided. These minutes relate to numerous changes that may occur to an SMSF including admitting a new member, retiring a member, and acquiring a new asset.</p> <p>The format of different resolutions, such as circulating resolutions (where there is no need for a meeting), meeting minutes, sole director record of decisions, etc. are included in this kit.</p>	<p>This kit would be beneficial for clients who are unsure how to go about decision recording and need guidance in that area.</p> <p>The kit is useful for trustees of all SMSFs. The templates provided are broad and can be adapted to a number of common situations which SMSF trustees may face.</p> <p>The kit is also very handy for advisers whom wish to draft resolutions on behalf of their SMSF clients.</p>	<ul style="list-style-type: none"> • a detailed explanation of the mechanics of having an effective trustee meeting including how to make resolutions, appoint a chairperson, action items, agendas, etc; • 17 different sets of draft resolutions to cater for a range of common situations faced by SMSF trustees; and • pro-formas for meeting minutes, circulating resolutions and sole director records of decisions.
SMSF & Unit Trust kit	This kit provides practical guidance in relation to the ability of an SMSF to invest in a unit trust. It covers both geared and non-geared unit trusts. It also provides template resolutions to assist with the process.	<p>This kit outlines when an SMSF can invest in a unit trust, and provides information on how to go about doing so.</p> <p>It also includes sample SMSF and unit trust resolutions, various unit trust forms and a detailed memo with practical planning tips, traps and more including worked examples.</p>	<p>This kit is ideal for SMSFs that invest in an asset through an intermediary trust.</p> <p>The kit may be particularly handy for SMSFs wishing to engage in property development. Property development through a unit trust has many advantages.</p> <p>Please note that this kit assumes</p>	<ul style="list-style-type: none"> • instructions on how to complete the kit including a detailed completion checklist; • a detailed Unit Trust Memo which covers important issues such as when can an SMSF invest in a geared unit trust, when can an SMSF invest in a non-geared unit trust, etc; and • draft documents which include:

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		<p>This kit covers:</p> <ul style="list-style-type: none"> • the in-house asset rules and their application to unit trusts; • the exemptions to the in-house asset rules and the conditions required to qualify for the exemptions including the use of non-g geared unit trust and an investment in a widely held unit trust; • converting a previously geared unit trust into a non-g geared unit trust; and • other important issues including investment strategies and sole purpose test. 	<p>that the investment is in a 'fixed trust' and not a 'non-fixed trust' or hybrid trust.</p>	<ul style="list-style-type: none"> ○ draft trustee resolutions; ○ a sample investment strategy; ○ draft application form to apply for units; ○ draft notice of meeting; ○ draft unit holders consent to short notice; ○ template unit register; and ○ template unit certificate.
<p>Crystallisation Kit</p>	<p>This kit provides practical guidance, worked examples and template documentation to assist SMSF trustees and their advisers in calculating the crystallised pre-July 83 (tax-free) amount making-up a member's superannuation interest as at 30 June 2007.</p> <p>Generally, each SMSF trustee should have crystallised every member's account at 30 June 2007 before 30 June 2008 to avoid penalty.</p>	<p>This kit outlines the circumstances in which a trustee needs to crystallise. It also provides instructions on how to do so.</p> <p>Worked examples are also provided to help illustrate the way in which crystallisation is achieved.</p>	<p>This kit is especially valuable for those with interests that crystallise after 2007.</p> <p>Members under 60 as at 30 June 2007 with a pension may need this kit when they attain 60 years or commute all or part of their pension before then.</p>	<ul style="list-style-type: none"> • instructions on how to complete the kit including a detailed completion checklist; • a crystallisation memo which details when crystallisation needs to take place and how to go about achieving it (incorporating worked examples); and • draft trustee resolutions and a draft member notification that can be tailored to suit specific SMSFs.

This document has been prepared for our client only on the basis of our limited instructions and is based on the law in Australia as of today's date. The law is subject to constant change, and accordingly, expert advice should be obtained if the above information is not acted upon shortly after today's date or if there is any doubt in relation to this document. Unless specifically instructed by you in writing, and subject to you entering into an ongoing client agreement and payment of our required yearly fee, there is no obligation whatsoever upon DBA Lawyers to notify you in respect of any changes to the law, ATO policies, etc and how any such changes might impact upon any advice previously given. Copyright belongs to DBA Lawyers and prior written consent should be obtained before releasing it to any person other than our client. DBA Lawyers are not licensed to provide financial product advice under the *Corporations Act 2001* (Cth).