

SMSF FACT SHEET



CAVENDISH

Frequently Asked Questions

This fact sheet summarises the answers to some frequently asked questions about contributions, investment rules, borrowing within an SMSF and payment of benefits.

SECTIONS

- ❖ Contributions
- ❖ Investments
- ❖ Borrowing
- ❖ Benefit Payments

CONTRIBUTION RULES - 2016-17 income year:

Contribution Type	Member under 49 at 1 July	Member aged 49 to under 65	Member aged 65 to under 75 ^{#1}
Concessional ^{#3}	\$30,000	\$35,000	\$35,000
Non-concessional ^{#3}	\$180,000 ^{#2}	\$180,000 ^{#2}	\$180,000

1 – Subject To Satisfying Work Test

- The member must be gainfully employed for 40 hours in a 30 consecutive day period
- Gainfully employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

2 – Bring Forward Provision

- Member's aged under 65 on 1 July of a Financial Year may bring forward up to two years non-concessional contributions.
- The current maximum contribution a member can make in any three year period is \$540,000 (as at 1 July 2016).

3 – Proposed changes to contribution caps

- The Federal Government has proposed changes to the contribution caps to take effect from 1 July 2017.

INVESTMENT RULES

In-House Asset Definition

An in-house asset of a superannuation fund is an asset of the fund that is a loan to, or an investment in, a related party of the fund, an investment in a related trust of the fund, or an asset of the fund subject to a lease or lease arrangement between a trustee of the fund and a related party of the fund.

SMSFR 2010/1 outlines what asset a Fund can acquire from a related party.

Summary

- A Fund can acquire an investment in a related party or a related trust, subject to restrictions.
- A Fund can't acquire an asset subject to a lease or lease arrangement between the trustee and a related party.

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LIMITED RECOURSE BORROWING ARRANGEMENTS

A 'single acquirable asset' includes a collection of assets where such assets are identical and have the same market value such as a parcel of listed stock in one company purchased as a singular collection.

In respect of real property, the property must be situated on a single title of land, or if on multiple titles there must be a physical or legal impediment preventing the separation of the titles.

Prohibitions

- Portfolio of shares
- Property subject to development

PAYMENT OF BENEFITS

A Member may access their superannuation benefits upon satisfying a Condition of Release.

Condition of Release	Cashing Restrictions
Retirement	Nil
Attaining Preservation Age (see below)	Transition to Retirement Income Stream
Attaining Age 65 or more	Nil
Terminal Medical Condition	Nil
Permanent Incapacity	Nil
Temporary Incapacity	Non commutable income stream
Compassionate Grounds	Single lump sum determined by Department of Human Services
Severe Financial Hardship	Single lump sum between \$1,000 & \$10,000 in a 12 month period
ATO Release Authority	Amount indicated on Authority

Preservation Age

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

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