

### **“Simpler Super” now finalised - ACIS releases updated SMSF deed**

The changes to the Income Tax Act and Superannuation Regulations announced in the 2006 budget have now been finalised in black and white. The ACIS superannuation fund deed has been upgraded (effective 5 April 2007) to take these into account. To summarise, those changes are:

1. All superannuation benefits paid to a person over 60 years of age (except those from public service, untaxed funds and certain death benefits paid to adult children) will be exempt from tax;
2. Reasonable Benefits Limits have been abolished;
3. All self-employed persons' contributions will be deductible, up to the streamlined limit [existing age-based limits apply to 30 June 2007; after that a maximum of \$100,000 p.a. deductible contributions for members over 50 years of age and \$50,000 for everyone else];
4. Self-employed persons' undeducted contributions will now also qualify for the Government co-contribution;
5. There will be no impediment on making deductible or undeducted superannuation contributions up the age of 75 years, so long as those over 65 years of age are still working at least part-time. [Currently, a complex set of rules governs not only when contributions for over-65's may be made, but who can make them and whether they can claim a deduction for it];
6. From Budget night, 9 May 2006, until 30 June 2007, members are restricted to undeducted contributions up to a maximum limit of \$1 million per member. From 1 July 2007, members will be restricted to no more than \$150,000 p.a. of undeducted contributions which can be averaged over three years. However, for members over 65 years of age and still working, their will be no averaging available;
7. A SMSF may not now accept contributions from members who have not quoted their TFN;
8. Benefit payment rules have been updated to reflect the removal of the compulsory payment of benefits for those over age 65 and retired;
9. A SMSF cannot pay death benefit pensions to adult children;
10. New minimum-only pensions and new transition to retirement pensions have been incorporated providing a summary of the rules for these new types of pensions;
11. The transfer/rollover rules have been updated to reflect the new requirement that members rolling over benefits be provided with the information in Schedule 2A of the new regulations;
12. People becoming trustees of SMSF's after 30 June 2007 will need to sign a declaration, in the approved form, that they understand their obligations; and
13. New provisions allowing a longer time to rollover illiquid investments have been put in place.

Please call us toll-free on 1-800-773-477 should you have any queries.