

Your ECPI checklist for 2017/18

To ensure you have complied with the ECPI changes that came in to effect 1 July 2017, we have taken the liberty of putting together an easy-to-use checklist to assist you in correctly completing your actuarial certificate requests for the 2017/18 year.

1. Did the SMSF pay a Transition to Retirement Income Stream (TRIS) during the financial year?

- No → Go to Question 4
- Yes → Go to Question 2

2. Was the TRIS a non-retirement or retirement phase income stream? ?

Non-retirement phase

All earnings received from assets supporting a TRIS that is in non-retirement phase will be entirely taxable and treated in the same way as accumulation assets in the actuary's calculation. When applying for an actuarial certificate, make sure that the TRIS' opening balance is reflected as either being in non-retirement phase or accumulation. As for the withdrawals, ensure these are shown as either non-retirement phase benefits or accumulation benefits.

Retirement phase

The earnings received from assets supporting a TRIS in retirement phase will be tax exempt. When completing the actuarial certificate application form, make sure that the TRIS' opening balance is shown in retirement phase/pension and the benefits are reflected as either retirement phase benefits or pension benefits.



Handy Hint

Wherever you see this question mark icon, you can click on it to go to an external resource.



3. Did the TRIS convert to a retirement phase income stream during the financial year?

- No → Go to Question 4
 Yes ↓

When completing the actuarial certificate application form, make sure that the TRIS' opening balance at 1 July 2017 is reflected as either an opening non-retirement phase balance or an opening accumulation balance. For the withdrawals that were made whilst the TRIS was in non-retirement phase, ensure these are reflected as either non-retirement phase benefits or accumulation benefits.

At the date the TRIS converts to a retirement phase income stream, ensure the application shows an internal transfer of the TRIS' balance converting to retirement phase/pension. For the withdrawals that were made on or after the date the TRIS converts to retirement phase, ensure they are reflected as either retirement phase benefits or pension benefits.

4. Is the SMSF eligible to use the segregated method for the given financial year? ?

- No → Go to Question 6
 Yes → Go to Question 5

It is important for Trustees and administrators of SMSFs to begin asking themselves this question at the beginning of each financial year as the answer will have a bearing on whether the fund is eligible to have deemed segregated assets which could potentially have a substantial impact on the amount that is claimed for ECPI.

5. Are there deemed segregated periods? ?

If at any stage during the financial year there were periods where the assets were solely supporting retirement income streams then those periods are deemed to be segregated (these periods may be as short as just one day). Earnings received during the deemed segregated periods can only be exempt from income tax using the segregated method.

- No → Go to Question 6
 Yes ↓

For income received outside of the deemed segregated periods, the unsegregated method will be used to calculate ECPI (assuming the fund no elected segregated assets). The actuary's tax exempt percentage is calculated over the periods that are not deemed segregated periods (i.e. the unsegregated periods) and the tax exempt percentage will apply only to income received during the unsegregated periods.

6. For the members who are receiving a super income stream, did they make any partial commutation payments during the financial year?



No

Yes ↓

Please be aware that from 1 July 2017 partial commutation payments will not count towards the minimum pension standards. The member will need to ensure they have paid the correct amount of pension benefits during the financial year in order to satisfy the minimum pension standards.

Note: As always, make sure the minimum pension standards are met for each member receiving a retirement phase income stream. If a member fails to satisfy the minimum pension standards then their retirement phase income stream will not be entitled to claim ECPI for the given financial year.

If you have any queries whilst applying for an actuarial certificate please do not hesitate to contact our friendly team on 1800 230 737.

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