

ACTUARIAL CERTIFICATE

INCOME TAX ASSESSMENT ACT, 1997 - SECTION 295.390

SMITH FAMILY SUPERANNUATION FUND

Section 295.390 of the Income Tax Assessment Act 1997 (the Act) provides that the proportion of a complying superannuation fund's ordinary income which relates to current pension liabilities (other than income derived from segregated current or non-current pension assets and certain other income) is exempt from tax. This exemption is subject to the Trustee obtaining an actuary's certificate as required by Section 295.390.

The following certification is made pursuant to subsection 295.390(3) of the Act:

Name of Complying Fund ("the Fund")	:	Smith Family Superannuation Fund
Name of Trustee1	:	Michael Smith
Name of Trustee2	:	Christine Smith
Year of Income for this Certificate	:	01/07/2009 to 30/06/2010
Sub-section of the Act under which exemption claimed	:	295.390
Date to which Values of Assets and Liabilities relate	:	30/06/2010
Value of Current Pension Liabilities *	:	\$730,090
Value of Superannuation Liabilities *	:	\$730,090
Value of Total Fund Assets **	:	\$730,090
Average Value of Current Pension Liabilities for Year of Income *	:	\$723,734
Average Value of Superannuation Liabilities for Year of Income *	:	\$749,990
Exempt Proportion of Assessable Income	:	96.499%

* Excludes investment income and segregated assets (if any).

** Includes segregated assets (if any).

**Smith Family Superannuation Fund
Actuarial Certificate - ITAA S295.390**

<u>Breakdown of results by member</u>	<u>Member 1</u>	<u>Member 2</u>
Tax exempt percentage by member	91.295%	99.069%
Proportion of assets for income year	33.055%	66.945%
Allocation of tax exempt percentage	30.177%	66.322%

Earning Rate Used to Value Liabilities

- pensions : refer Attachment
- other : not applicable

Expected Rate of Earnings on Fund Assets : refer Attachment

Rate of Inflation Assumed in valuing Pension Liability : refer Attachment

Recommended Level of Future Contributions : not applicable

I, David Quinn-Watson BSc(Hons) FIAA, certify for the purpose of Section 295.390 that the exempt proportion of normal assessable income in respect of the Smith Family Superannuation Fund is 96.499% for the year of income ended 30/06/2010.

I am satisfied that the value of the Fund's liabilities in respect of pensions in payment at 30/06/2010, together with any future contributions in respect of the superannuation benefits concerned, would provide the amount required to meet in full the liabilities as they fall due.

I also confirm that the valuation of liabilities is consistent with Guidance Note 451 issued by the Institute of Actuaries of Australia.



Signed
David B Quinn-Watson BSc(Hons)
Fellow of the Institute of Actuaries of Australia

Date 30th June, 2011

Address of Actuary: DeeDeeRa Actuaries Pty Ltd
Level 5, 320 Adelaide Street
BRISBANE QLD 4000

Certificate provided via: Act2 Solutions Pty Ltd
PO Box 1159
ROSNY PARK TAS 7018



ATTACHMENT

DATA AND CALCULATIONS

DATA

The data used for this certificate has been provided by Act2 Solutions Pty Ltd who advised us that:

- all of the pensions provided by the Fund during the year of income were account-based pensions; and
- there were no segregated assets or pension liabilities during the year of income.

The certificate was prepared on the basis of the following information:

	<u>Member 1</u>	<u>Member 2</u>
Member Name	Michael Smith	Christine Smith
Accounts held	Pension & Accumulation	Pension & Accumulation
Pensions started during income year	On or before 01/07/2009 & 30/06/2010	On or before 01/07/2009 & 30/06/2010
Pensions stopped during income year	30/06/2010	30/06/2010
Date member exited Fund (if applicable)	n.a.	n.a.
Total Pension Balance at end of income year*	\$234,483	\$495,607
Total Account Balances at end of income year*	\$234,483	\$495,607

** These figures are prior to allocation of investment income and taxes*

We understand that the Fund did not hold a reserve during the income year. Income earned by accumulation accounts and reserves attracts income tax.

We have been informed that all pensions within the Fund are account-based pensions (being either Allocated Pensions, Market-Linked/Term-Allocated Pensions, Transition to Retirement Income Streams or Account-Based Income Streams). Income earned by the assets backing these pensions is eligible to be exempted from income tax.

Financial information provided (assets supporting the unsegregated pension liabilities only i.e. excludes segregated assets):

Net Assets at 01/07/2009	\$762,077
Total Contributions for income year	\$10,096
Transfers in (from external source)	\$3,117
Benefits Paid	(\$45,200)
Net Assets at 30/06/2010 (before investment income and taxes)	\$ 730,090



**Smith Family Superannuation Fund
Actuarial Certificate - ITAA S295.390**

ASSUMPTIONS

Account-based Pensions

Under an account-based pension arrangement, the amount of the pension taken from time to time is intended to represent the amount which can be supported by the assets held by the Fund in respect of the pensioner, including investment earnings thereon. Hence in this certification, because of the nature of the pension benefits, the value of pension liabilities has been set equal to the sum of the balances of the accounts held by the Fund in respect of each pensioner.

Due to the nature of these pension arrangements, it is not necessary to determine an expected rate of earnings on segregated assets, nor an assumed earning rate nor inflation rate for valuing pension liabilities, nor a rate of future contributions to the Fund.

Investment Earnings

We have assumed that the annual investment income on the unsegregated assets is allocated uniformly throughout the year on a basis that is proportional with the account balances.

CALCULATIONS

Unsegregated Pension Liabilities

We calculated the average value of the unsegregated current pension liabilities for the income year on a weighted average basis, taking account of the value and timing of:

1. the unsegregated pension liabilities as at 01/07/2009;
2. any pension commencements/commutations during the income year;
3. the pension payments and other member transactions that occurred in the pension accounts during the income year.

Unsegregated Superannuation Liabilities

In terms of the Institute of Actuaries Guidance Note No 451, the value of superannuation liabilities can be determined as the actuarially determined value of assets. We determined the actuarial value of the assets at a point in time to be equal to be the net market value of the assets of the Fund at that point in time.

We calculated the average value of the unsegregated superannuation liabilities over the year of income on a weighted average basis, taking account of the amounts and timing of:

1. the unsegregated accumulation and pension account balances at 01/07/2009;
2. the member transactions that occurred in the unsegregated accumulation and pension accounts during the income year.

END OF ATTACHMENT

