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YOUR QUESTIONS JOHN WASILIEV

An actuary will do the tricky pension calculations

Do I need to obtain an actuarial certificate to pay a pension to my wife and myself from our self-managed super fund. We are the only fund members?
If you and your wife are both eligible to start an account-based pension, says Louise Biti from research firm Strategy Steps, you will not need to obtain an actuarial certificate.

An account-based pension has a clearly identified account balance. Pension payments and fees are deducted from the balance and investment earnings are added (or investment losses deducted).

Each year you need to withdraw a minimum amount of income from your account depending on your age. One of the benefits of both of you starting a pension is that fund earnings will no longer be taxed.

But if only one of you was to start a pension, you would need to separate his or her entitlement to tax-free investment earnings from the taxable earnings that apply to a member still accumulating super. Getting an actuary to perform these calculations and provide you with a certificate is simplest.

I started a pension last year from my self-managed super fund and received monthly payments of which I declared the taxed element on my personal income tax. Because I turn 60 in December 2009, I presume that if the fund makes all my payments after my birthday, then no portion of the payments will need to be declared as income tax, as an income stream is not taxable for persons over 60?
You are correct – any pension payments you receive on or after your 60th birthday are not assessable income and are therefore not subject to tax, confirms Peter Burgess from Kingston Capital. Regardless of when during the financial year the income stream was formally commenced, if the pension payments are paid to you on or after your 60th birthday, the payments are not subject to tax.

Ask us

Get your superannuation questions answered by the experts. Send any query, big or small, to:

wasiliev@yoursuper.net

I read with interest your article on trading derivatives, "Naked truth about options" (*Weekend AFR* September 12-13). I know the investment strategy must allow for derivatives trading. I have also been told the fund must have a separate derivatives strategy but I didn't see this mentioned. Do you know if this is correct and if so how does one go about establishing such a strategy?
It is correct that a self-managed super fund that wishes to use derivatives must prepare a risk management statement for derivatives in conjunction with its investment strategy. The purpose of this written statement is to show that the trustees have properly considered the risks in relation to the derivatives they plan to use and how they will be managed. It should detail what sort of derivatives will be used and how they will be used. Another purpose of it is to illustrate that trustees know what they are doing when they use derivatives.

I recently tried to close a managed super fund account in order to transfer the money into my self-managed fund. But because two of the investments have been frozen, I've been informed the fund manager is unable to release the frozen funds and will continue to charge an $880 minimum fee per annum until the funds are released. With the frozen funds valued at about $12,000, this is going to be very expensive if it lasts for any length of time. Is the fund manager allowed to charge what appears to me to be an exorbitant annual fee? What are the appropriate organisations to lodge a formal complaint with?
Ed Bernard, a technical adviser with SuperGuardian, knows of no restriction on the level of fees a super fund can charge as long as they have previously been disclosed to the fund member. This would normally be done through a product disclosure statement. If the fees were not disclosed, then this fact should form part of the complaint.
Bernard says your first complaint should be formally (in writing) to the fund. If you can't resolve the matter appropriately through the superannuation fund's internal complaints system, then you should contact the Superannuation Complaints Tribunal, which should be able to assist in resolving the dispute (website: www.sct.gov.au; phone 1300 780 808).