

## Allocated to Account-Based Pension Conversion Service

By completing this form, you will provide all the information we need in order to **document the direct conversion** of an existing **individual** Allocated pension to an Account-Based pension within a self managed superannuation fund. If your circumstances are more complex, say, for example you wish to:

- combine several Allocated pension balances; or
- add an existing Allocated pension balance to an accumulation balance; and
- commence an Account-Based pension with the (combined) proceeds

you should instead complete the *Pension Commutation Service* form and *not* this form.

Note that there are two ways of making the transition from an individual Allocated pension to an Account-Based pension:

- the Allocated pension can be commuted (terminated) and a brand new pension (the Account-Based pension) then commences in its place; or
- the trustee can simply resolve to adopt the Account-Based pension payment factors with effect from a particular date. This is referred to as a “conversion without a commutation” below.

In our view, there are pros and cons to both approaches – see our October 2007 edition of HC Super News (available on request) – and there are some important legal differences between the two.

As part of our service, we:

- review the Trust Deed to investigate whether any changes are required in order to convert the pension;
- prepare all relevant letters, minutes, declarations etc for signing by the relevant parties;
- calculate the statutory pension amounts required to be paid for the remainder of the financial year;
- calculate the tax free proportion of the pension applying each year; and
- include an Account-Based pension Product Disclosure Statement.

The **cost** (inc. GST) of our direct conversion documentation service is as follows (please see payment options overleaf):

Conversion via commutation	\$660 for the first individual conversion and \$330 for each additional individual conversion*
Conversion without a commutation	\$660 for the first individual conversion and \$330 for each additional individual conversion*
Crystallised Segment calculation	\$110 per calculation - <i>please complete our “Crystallised Segment Calculation Service” form</i>
Trust Deed Amendment if requested	\$440 – <i>please complete our “Trust Deed Amendment Service” form</i>

\* where the documents are completed for the fund at the same time

**Confirmation and Acceptance of Terms**

I confirm that the information on this form is correct and I have completed the payment details below. *Please note that payment must accompany all requests* (an invoice will be provided in due course).

Name & Signature: .....

Invoice in the name of: .....

**Payment Details**

- Please find a cheque attached
- A Direct Debit agreement is in place in the name of:.....

Account Holder's Signature: .....

- Please charge the following credit card:
  - MasterCard  Visa      **Amount:**.....

Cardholder's full name: .....

Card Number: \_ \_ \_ \_ / \_ \_ \_ \_ / \_ \_ \_ \_ / \_ \_ \_ \_    Expiry Date: \_ \_ / \_ \_

Cardholder's Signature: .....

**Documents to Attach**

- Full copy of the Fund's current Trust Deed;
- Financial statements/member statements on which the breakdown in Section D is based. *Please note that pension account balances must be reported at **market value***; and
- Full details of any assets which will be segregated to provide the pension (if any).

**Section A: Contact Details**

**Person Ordering the Service** – documents will be forwarded to this person.

Name: .....

Name of Firm: .....

Postal Address: .....

Contact Number: ..... Fax: .....

Email: .....

**Section B: Fund and Trustee Details**

Name of Fund: .....

ABN: \_ \_ \_ \_ / \_ \_ \_ \_ / \_ \_ \_ \_

**Please Indicate Trustee Type**

- Corporate Trustee: .....
  - Company Directors: .....

- Individual Trustees: .....

**Section C: Member Details** – if more than one member is converting a pension please copy this page.

Title:                      Mr/Mrs/Miss/Ms/Dr                      Sex:                      Male/Female  
 First Name: .....                      Surname: .....  
 Street Address: .....  
 Date of Birth: ..... / ..... / .....                      TFN: \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
 Eligible Service Date: ..... / ..... / .....

**Will the ongoing pension be a “transition to retirement pension”?**

- No, the client has met the following condition of release:
- 65 years of age or over.
  - terminated an employment relationship after age 60.
  - reached preservation age and have permanently retired.
- Yes, the client has not yet met any of these conditions of release and hence the ongoing pension will be a transition to retirement pension.

**Section D: Details of original pension (copy this page for each individual conversion)**

1. Details of <b>original</b> pension: <ul style="list-style-type: none"> <li>• Commencement date _____</li> <li>• Initial balance (ie, balance when the pension started)                      \$ _____</li> <li>• Undeducted purchase price                      \$ _____</li> <li>• Reversionary beneficiary details (if any):                         <ul style="list-style-type: none"> <li>○ Name _____</li> <li>○ Relationship to pensioner (ie, spouse) _____</li> <li>○ Date of birth _____</li> </ul> </li> </ul>	
2. Date at which the conversion should occur	
3. Components of this pension <b>at conversion date #</b> : <ul style="list-style-type: none"> <li>• Tax Free Component _____</li> <li>• Taxable Component _____</li> </ul> TOTAL                      \$ _____	
4. Preservation components for <b>this</b> pension: <ul style="list-style-type: none"> <li>• Preserved _____</li> <li>• Restricted non-preserved _____</li> <li>• Unrestricted non-preserved _____</li> </ul> TOTAL (should match the total from [3] above)                      \$ _____	

# These are the new tax components which apply from 1 July 2007:

- Even if the member is **over 60** and is therefore no longer paying tax on his or her pension, the components must still be determined as they affect the tax paid on death. We can assist in this calculation if required – simply complete our “*Crystallised Segment Calculation Service*” form (an additional fee of \$110 per calculation will apply).
- For those **under age 60**, the new tax components will not automatically apply if the original Allocated pension commenced prior to 1 July 2007 unless that pension has been commuted (either partially or fully) since 1 July 2007. Where no commutation has occurred, the pre-1 July 2007 “deductible amount” regime will continue until a “trigger event” occurs (upon reaching age 60 at the latest). If converting without a commutation, you will need to advise the “deductible amount” in Section E below.

**Section E: How do you wish to convert this pension?**

**Conversion via commutation.** The existing Allocated pension will be fully commuted and a new Account-Based pension will commence with the balance. If this option is required, please provide the following additional details:

1. When a pension is fully commuted during a financial year, a <b>pro-rate minimum payment</b> must be made first. What pension payments (gross of tax) have been drawn this financial year from the pension balance prior to this commutation?	\$ _____
2. Does the member have an accumulation balance(s) in the fund?*	Yes/No
2. Reversionary beneficiary details (if any): <ul style="list-style-type: none"> <li>o Name _____</li> <li>o Relationship to pensioner (ie, spouse) _____</li> <li>o Date of birth _____</li> </ul>	_____
3. Have any assets been specifically segregated to provide the pension?	Yes/No (if yes, attach full details)

\* if the member has other "accumulation" balances in the fund, the proceeds of the commutation will be **combined** with the accumulation balances for the purposes of calculating the tax components. If you answer "yes" to this question then you should instead complete the *Pension Commutation Service* form and *not* this form.

**Conversion without a commutation.** The trustee will simply adopt the new payment factors for account-based pensions. If this option is required, please provide the following additional details:

1. Please indicate the current deductible amount #	
2. Have any assets been specifically segregated to provide the pension?	Yes/No (if yes, attach full details)

# if the member is under 60 and has previously had a "deductible amount" (ie, part of the pension was tax free – generally because it included undeducted contributions), this deductible amount does not change. The pension only moves to the new tax regime prior to the member's 60<sup>th</sup> birthday if it is commuted (either partially or wholly).

**Section F: Authorisation**

I hereby authorise Heffron to document changes to my pension based on the information provided to them for this purpose. I understand that unless I have specifically obtained a Statement of Advice from Heffron, Heffron has not reviewed my circumstances to determine the appropriateness of the change and have simply acted on my instructions or instructions received from my adviser(s).

Name: .....

Signature: .....