

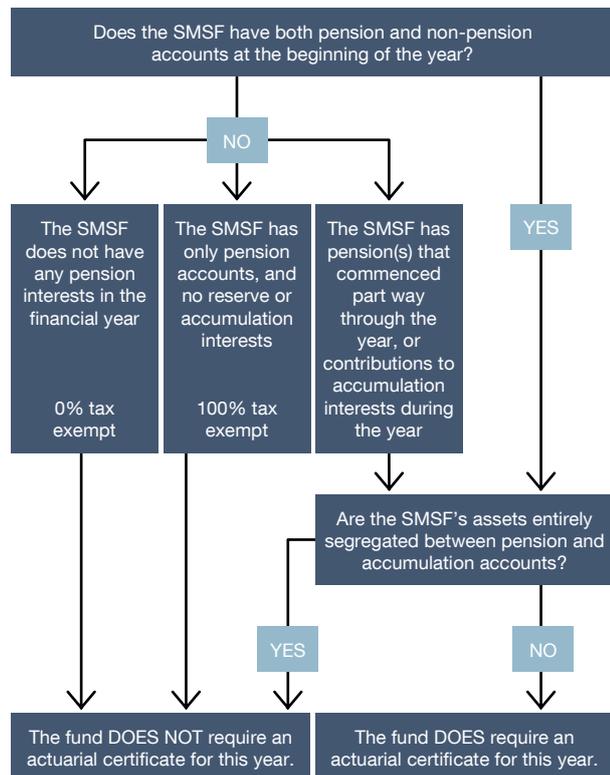
Fact SHEET

Do I need an actuarial certificate?

A Self-Managed Superannuation Fund (SMSF) that pays a pension income stream may be required to obtain an annual actuarial certificate.

The purpose of a certificate is to determine the proportion of the fund's income that is exempt from tax. The earnings from accumulation assets are taxed at 15% whilst earnings from pension assets are tax free.

In most cases the assets of the fund are not segregated between accumulation and pension accounts. In these cases the 295.390 actuarial certificate provides the percentage of fund income which is tax exempt.¹



A certificate is required when the fund has a combination of pension and accumulation assets. This includes when:

- Any portion of the assets are unsegregated.
- Assets in the fund are initially segregated but become unsegregated assets, or have unsegregated transactions at any time in the year.
- The fund has reserve accounts at any time throughout the year.

A certificate is not required when:

- Assets have been segregated.
- The fund's members are all in pension mode all year.
- The fund's members are all in accumulation phase all year.
- The fund commences a pension part way through the year, obtains a valuation of the assets at the date the pension commences and immediately segregates the assets.
- A contribution is made into a fund that has no accumulation interests, and the contribution is immediately commuted to pension.

Segregated assets

To avoid the need for an actuarial certificate, trustees can choose to adopt the 'segregated assets' method. This involves trustees separately identifying the assets held of the fund, and the interest earned on those assets, in respect of accumulation liabilities and those in respect of pension liabilities. The income derived from the segregated assets backing a pension is exempt from tax.²

Other actuarial certificates and valuations

For information regarding the valuation requirements for complying lifetime and fixed term pensions, see the '[Complying pensions](#)' fact sheet.

Further information

For further information please visit www.cumsar.com.au or contact Corey Plover on (03) 9642 2242.

¹ Income Tax Assessment Act 1997, Section 295.390

² Income Tax Assessment Act 1997, Section 295.385