



Credit Policy

Eligible Income

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Self-Managed Superannuation Fund (SMSF)

Self-managed super funds (SMSFs) are a way of saving for retirement.

The difference between an SMSF and other types of funds is that the members of an SMSF are usually also the trustees. This means the members of the SMSF run it for their own benefit and are responsible for complying with the super and tax laws.

Generally, SMSF's can only pay a member super benefits when the member reaches their 'preservation age' and meets one of the conditions of release, such as retirement. The payment may be an income stream (pension) or a lump sum, depending on the circumstances.

Further information can be found on the [ATO website](#)

Restrictions	Verification	% used for servicing
	<p>Eligible SMSF pension to be evidenced from:</p> <ul style="list-style-type: none"> ▶ Most recent SMSF member benefit statement; and ▶ Letter from Financial Planner/Adviser or Accountant detailing the following current information: <ul style="list-style-type: none"> ▶ Preservation age of applicant and indication of when benefit payments commenced or will commence ▶ Members' account balance ▶ Minimum benefit payment percentage and amount ▶ Taxable and tax-free components 	90%
Calculation <p>Current Members' account balance x minimum benefit payment % = Eligible SMSF pension to be used for servicing. e.g. \$1,000,000 x 4% = \$40,000 pa</p> <p>For further information relating to SMSF's, please refer to the ATO website:</p> <ul style="list-style-type: none"> ▶ ATO – SMSF Preservation age ▶ ATO – SMSF minimum benefit % 		

Notes

- ▶ Consideration should be given to the loan term and the customers' ability to maintain their ongoing commitments in retirement.
- ▶ To determine whether liabilities of the SMSF are to be considered in servicing, it needs to be understood if it generates sufficient income to service them:
 - ▶ If yes, there is no need to include SMSF income or liabilities in servicing.
 - ▶ If no, any personal contributions being invested into the SMSF to assist service the SMSF liability need to be considered, with personal income being adjusted down accordingly.
- ▶ SMSF pension is to be entered into the application as follows:
 - ▶ **Taxable** component - into the '**pension**' field within the application
 - ▶ **Tax-free** component - into the '**tax-free**' field within the application

