



Australian Government

Department of Education, Employment and Workplace Relations

FNSSMS603A Apply legislative and operational requirements to advising in self-managed superannuation funds

Release: 1

FNSSMS603A Apply legislative and operational requirements to advising in self-managed superannuation funds

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit covers the skills and knowledge required to apply legislative and operational requirements while providing advice to clients/trustees in self-managed superannuation funds. It encompasses applying legislative and operational requirements while providing advice to clients/trustees of self-managed superannuation funds. This unit is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements including legislation administered by the Australian Securities and Investments Commission (ASIC).
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Application of the Unit

Application of the unit	This unit applies to the role of an adviser of a self-managed superannuation fund and is limited by whether or not they are a registered tax agent.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Establish knowledge of client/trustee regarding self-managed superannuation funds	1.1. Key features, structures and operations of a self-managed superannuation fund are explained to the client/trustee 1.2. Client/trustee is informed of the importance of receiving complete advice on taxation requirements and implications for the fund and adviser explains the scope and authority of taxation information they are able to provide 1.3. Sources of taxation information appropriate to self-managed superannuation funds and appropriate providers/referrals for this specialist advice are identified 1.4. Client/trustee is informed of the roles played by the adviser, intermediaries and issuers 1.5. Client/trustee is informed of the process to appoint trustees and trustee duties and responsibilities and liabilities are explained 1.6. Client/trustee is informed of the key issues that are considered when evaluating self-managed superannuation fund applications 1.7. Key features, characteristics and risks of different types of self-managed superannuation fund income streams are explained to client/trustee 1.8. Client/trustee is informed of the associated risks with establishing a self-managed superannuation fund 1.9. Client/trustee is informed of the steps required to establish a self-managed superannuation fund 1.10. The processes of winding up a self-managed superannuation fund benefits is explained to the client/trustee
2. Identify and explain relevant fund legislative requirements to the client/trustee	2.1. Sources of legislative information appropriate to self-managed superannuation funds are identified 2.2. Legislative requirements that apply to client/trustee and self-managed superannuation fund structures are explained to the client/trustee 2.3. The client/trustee is informed of the role of the principal regulator in managing self-managed superannuation funds 2.4. The client/trustee is informed of the role of related regulators in managing, operating and supporting self-managed superannuation funds 2.5. The client/trustee is informed of the ongoing legislative requirements to maintain a compliant self-

ELEMENT	PERFORMANCE CRITERIA
	managed superannuation fund 2.6. The client/trustee is informed of the <i>consequences of a self-managed superannuation fund becoming non-compliant</i>

ELEMENT	PERFORMANCE CRITERIA
3. Identify and explain relevant fund operational requirements to the client/trustee	3.1. Sources of operational information appropriate to self-managed superannuation funds are identified 3.2. Operational requirements that apply to the client/trustee of a self-managed superannuation fund structure are explained to the client/trustee 3.3. The client/trustee is informed regarding the operation of trust deeds and ongoing deed amendment and requirements 3.4. The client/trustee is informed of purposes of establishing life insurance through a self-managed superannuation fund 3.5. The client/trustee is informed of the requirements of establishing an investment strategy considering investment restrictions for a self-managed superannuation fund 3.6. The client/trustee is informed of the application of Superannuation Industry (Supervision) (SIS) preservation rules
4. Identify and explain implications for contributions to the client/trustee	4.1. The client/trustee is informed of the types of allowable contributions that the self-managed superannuation fund can claim, within the scope of its authority 4.2. Regulations regarding a person's eligibility to contribute to a self-managed superannuation fund are explained to the client/trustee 4.3. The treatment of business real property is explained to the client/trustee 4.4. self-managed superannuation fund contribution rules, including in specie requirements are explained to the client/trustee 4.5. Allocation of contributions to individual member accounts is explained to the client/trustee 4.6. The client/trustee is advised to seek advice for higher level/specialist and/or comprehensive advice if required
5. Identify and explain implications for fund income/assets to the client trustee	5.1. Scope of information on fund income and assets able to be provided are explained to the client/trustee 5.2. The importance of receiving complete advice on implications for fund income and assets and appropriate providers/referrals for this specialist advice are identified 5.3. Fund deductions available to self-managed superannuation funds are identified 5.4. Fund credits available to self-managed superannuation funds are identified

ELEMENT	PERFORMANCE CRITERIA
	5.5. Impact of deductions on funds is explained to the client/trustee 5.6. Life insurance deductions are identified and explained to the client/trustee 5.7. In specie deductions are identified and explained to the client/trustee 5.8. Operation of fund reserves is explained to the client/trustee 5.9. Sole purpose test (appropriate/inappropriate self-managed superannuation fund investments) are explained to the client/trustee 5.10. Special self-managed superannuation fund investment strategies, including borrowing/lending restrictions, are explained to the client/trustee 5.11. The client/trustee is informed of the reporting issues regarding the treatment of franking credits (accumulation and pension) 5.12. The client/trustee is informed of implications and benefits relating to investment earnings (accumulation and pensions)
6. Identify and explain implications for benefits to the client/trustee	6.1. The requirements for accessing assets in self-managed superannuation funds for the payments of benefits are explained to the client/trustee 6.2. Key features, characteristics and risks of different types of self-managed superannuation fund income streams are explained to the client/trustee 6.3. The process of setting up an income stream (i.e. pensions) from a self-managed superannuation fund is explained to the client/trustee 6.4. Calculation and operation of member accounts in both accumulation and pension phases are explained to the client/trustee 6.5. Treatments of lump sum Eligible Termination Payment (ETP) payments considerations are explained to the client/trustee 6.6. The client/trustee is advised of the superannuation surcharge considerations 6.7. The client/trustee is informed of the treatment of death benefits (lump sum and pension issues) 6.8. The client/trustee is informed of the different Reasonable Benefit Limit (RBL) treatments and reporting issues pertaining to self-managed superannuation funds 6.9. The client/trustee is advised to seek advice for higher level/specialist advice if required

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- highly developed communication skills to:
 - liaise with others, share information, using questioning and active listening as required
 - describe taxation concepts and consequences to clients in plain, clear terms
 - use a range of interpersonal and communication skills to relate to a range of clients
 - use language and concepts appropriate to cultural differences
- well-developed numeracy and IT skills to:
 - utilise computers and a range of computer software systems
 - perform basic calculations related to superannuation funds
 - access and update account records electronically
 - access and use appropriate software such as word processors, spreadsheets and databases
 - use internet information
- highly developed literacy skills to read and interpret documentation from a variety of sources and record and consolidate related information
- organisational skills, including the ability to plan and sequence work
- ability to research and comprehend self-managed superannuation fund operational guidelines
- research and analysis for:
 - accessing, interpreting and managing complex information
 - researching and comprehending self-managed superannuation fund legislation
 - identifying relevant legislation and regulations relevant to each client
 - assessing the accuracy and relevance of information
- self-management skills for complying with ethical, legal and procedural requirements
- learning skills to maintain knowledge of changes to relevant legislation and requirements
- problem solving skills to address compliance and related issues
- judgement skills for forming recommendations in operational situations
- management skills for working effectively in a constantly changing environment

Required knowledge

- application of Superannuation Industry (Supervision) (SIS) preservation rules
- allocation of contributions to individual member accounts

REQUIRED SKILLS AND KNOWLEDGE

- basic features, structure and operation of self-managed superannuation funds
- calculations and operation of member accounts in both accumulation and pension phases
- establishing:
 - life insurance through a self-managed superannuation fund
 - the investment strategy for a self-managed superannuation fund
- fund reserves and how to access self-managed superannuation funds and benefit payments issues
- key features, characteristics and risks of different types of self-managed superannuation fund income streams
- key issues to consider when evaluating self-managed superannuation funds
- legislative requirements to maintain a self-managed superannuation fund
- operations of trust deed and ongoing deed amendments
- self-managed superannuation contribution rules, including in specie requirements
- setting up an income stream (i.e. pension) from a self-managed superannuation fund (complying and non complying)
- special self-managed superannuation fund investment strategies, including borrowing/lending restrictions
- sole purpose test (appropriate and inappropriate self-managed superannuation fund investments)
- steps required to establish a self-managed superannuation fund
- treatment of business real estate property
- winding up a self-managed superannuation fund/transfer of benefits

Evidence Guide

EVIDENCE GUIDE	
The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	Evidence of the ability to: • interpret and apply SIS preservation rules, ATO guidelines and legislation • determine client understating regarding self-managed superannuation funds • identify and explain relevant fund operational requirements and implication for contributions • identify and explain implications for fund income/assets and implications for benefits.
Context of and specific resources for assessment	Assessment must ensure: • competency is demonstrated in the context of the work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment • access to and the use of a range of common office equipment, technology, software and consumables • access to organisation financial records • access to organisational policies and procedures.
Method of assessment	A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit: • evaluating an integrated activity, which combines the elements of competency for the unit, or a cluster of related units of competency • observing processes and procedures in workplaces • verbal or written questioning on underpinning knowledge and skills • evaluating samples of work • accessing and validating third party reports • setting and reviewing workplace business simulations or scenarios.
Guidance information for assessment	

Range Statement

RANGE STATEMENT	
The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.	
<i>Trustee duties and responsibilities</i> may include:	• corporate duties as a director of a superannuation fund • managing assets of the trust • SIS compliance • SIS covenant duties and responsibilities • trust law duties and responsibilities • trustee liabilities.
<i>Key issues</i> in evaluating self-managed Superannuation applications, include:	• adequacy of initial funds to set up self-managed superannuation fund • business acumen skills • estate planning • retirement planning • role of the adviser • taxation implications • trusteeship legal requirements.
<i>Associated risks</i> may include:	• becoming non-compliant • investment risk • legislative risk.
<i>Sources</i> of information may include:	• Australian Securities and Investments Commission (ASIC) • Australian Taxation Office (ATO) • courts • dealers • existing or proposed trust deeds • fund managers • industry bodies • legislation • licensees • professional associations • regulation • relevant Commonwealth, State and Territory government organisations • self-managed superannuation fund specialists.

RANGE STATEMENT	
Legislation may include, as amended:	• anti-discrimination legislation • Corporations Act • Family Law Legislation Amendment Superannuation Act • Financial Services Reform Act (FSRA) • Income Tax Assessment Act • industrial legislation • Insurance Act • Privacy Act • Retirement Savings Account Act • stamp duty legislation • Superannuation (Resolution of Complaints) Act • Superannuation (Unclaimed Moneys and Lost Members) Act • Superannuation Contributions Tax (Assessment and Collection) Act (surcharge) • Superannuation Guarantee (Administration) Act (SGAA) • Superannuation Industry (Supervision) Act (SIS) • Superannuation Industry (Supervision) Regulations • Trade Practices legislation • Trustee Acts or Trust Acts in each State and Territory • other relevant State, Territory and Commonwealth legislation.
Regulator/s may include:	• ASIC • ATO • Australian Prudential Regulatory Authority (APRA).
Consequences of becoming non-compliant may include:	• criminal prosecution • loss of concessional taxation benefits • reduction of fund assets • SIS penalties.
Operational of trust deed may include:	• categorisation of contributions • guidelines on empowering trustees to appoint services providers • guidelines on empowering trustees to invest in assets • guidelines on empowering trustees to make other payments • guidelines on how benefits are paid • guidelines on who can be members • rules regarding the appointment of trustees

RANGE STATEMENT	
	• rules to operate the trust.
<i>Investment restrictions</i> may include:	• acquiring assets from 'related parties' of the fund • borrowing by superannuation funds • in-house assets • lending to members and their relatives • making and maintaining investment on an 'arms length' basis.
<i>Allowable contributions</i> may include:	• age limitations on contributions • business real property • Capital Gains Tax (CGT) exempt contributions • child contributions • in specie contributions • mandated employer contributions • member contributions • member voluntary contributions • spouse contributions.
<i>Deduction</i> may include:	• accountants' fees • auditors' fees • financial planning fees • insurance • investment manager fees • legal fees.
<i>Credit</i> may include:	• foreign taxation credits • franking credits.
<i>Income streams</i> may include:	• allocated pensions/allocated annuities • annuities • life expected/life time • non-complying income streams • pensions.

Unit Sector(s)

Unit sector	Self-managed superannuation
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Competency field

Competency field	
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Co-requisite units

Co-requisite units	FNSSMS602A	Apply taxation requirements when advising in self-managed superannuation funds