Rollover Benefit Statements

A rollover benefit statement is an important document throughout the life of your superannuation. It provides a clear audit trail of when and where superannuation balances have been rolled over.

Rollover benefit statements are prepared when superannuation balances are moved between super funds. The statement will be prepared by the current (transferring) super fund and provided to the new (receiving) super fund. This process is often completed in the background between the larger industry and retail funds, with a copy of the statement being forward to the member making the transfer request.

In the SMSF universe there is a greater input by the member as they are the SMSF trustee, and therefore responsible for transferring, or receiving the superannuation money and the rollover benefit statement.

When superannuation balances are transferred into an SMSF, it is often the case that the rollover benefit statement and an accompanying cheque are sent to the member directly, subject to the member's address and registered address for the SMSF being the same. In some circumstances funds will be transferred electronically, instead of via cheque. The cheque should be banked immediately into the SMSF bank account and a copy of the rollover benefit statement sent to the SMSF administrator or accountant, this will aid the accurate processing of the SMSF transactions in the accounting software. Under absolutely no circumstances should the money be banked into a personal bank account, this is an automatic breach of the law.

Where a rollover is being processed out of an SMSF, the administrator or accountant will draft a rollover benefit statement and provide this to the member making the rollover.

The member will then sign the rollover benefit statement and forward a signed copy, with payment of the rollover amount, to the receiving superannuation fund. The administrator or accountant will also request a signed copy of the rollover statement be returned for their records.

If you have rolled over your superannuation and not received a rollover benefit statement, we recommend contacting your super fund to request a copy.

Templates and examples

Not all rollover benefit statements will be identical as each super fund, accountant or administrator may utilise their own template. The ATO have provided an example statement on their website* which can be used where no other template is available. While each statement may differ in appearance, they will all contain the required information in the ATO example.

Where no template is readily available to execute a rollover, the ATO's example can be used. This helps to ensure that all required information is sought and the rollover is documented correctly.

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Xpress Super Information

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The importance of a rollover benefit statement

Tracking superannuation balances that are rolled between funds is crucial for future reference. The rollover benefit statement can therefore be thought of as an audit trail. The details that build this audit trail are all contained in the statement, in clearly labelled sections. Following through the ATO template we will discuss each section below.

Section A: Receiving fund
This section clearly labels the receiving (or new) super fund. This information is central to identifying where the rollover benefits are being transferred to.
It is important to ensure the correct ABN and Unique Superannuation Identifier (USI) are utilised. Some large funds may have multiple ABNs or USI for the various schemes they offer (for example pension or accumulation schemes may be different).

Where the receiving fund is an SMSF, no USI is available as SMSF do not use this identifier. Instead, the ABN should be used to complete label 4 (a) requesting a USI.

Lastly in Section A, is the Member client identifier. This label is crucial in the allocation of amounts to the correct member, specifically with larger funds. SMSFs do not always utilise member client identifiers. We recommend checking with the SMSF accountant or administrator to confirm if this is applicable.

Section B: Member's details
Details here should match what has been provided to each super fund to aid in the identification process of the rollover benefits.

Section C: Rollover transaction details.
In addition to helping track superannuation balances between funds, the statement sets out important details about the taxation treatment of, and accessibility (preservation) to the superannuation balance for the receiving super fund. This section should be completed with the utmost care as errors here could result in tax implications, or misguided access to superannuation balances.

First up is the **Service period start date**.

The service period start date refers to the date that a member joins or first contributes to a super fund, and marks the start of their *eligible service period*. The service period start date is a key date used in the tax calculations associated with certain Death and/or Permanent Incapacity payments and tax deductions.

The service period start date can change when superannuation balances are rolled over between funds. Where the receiving fund has a later service period start date, when the rollover is received, the *earlier* of the two start dates will be applied. That is, the date recorded by the transferring fund, can be carried over and applied to the receiving super fund.

Next up is **Tax components**. These fields house important information relating to how tax may apply to superannuation benefits upon withdrawal from the super fund.

The tax-free component is largely equal to the amount of non-concessional (after tax) contributions that have been made. This amount is tax-free when withdrawn.

As SMSFs cannot be in receipt of KiwiSaver balances, this label will not be relevant for SMSF members.

The taxable component is representative of the assessable income associated with the fund and commonly arises from concessional contributions, both employer and personal, and investment income. The taxable component is split into two sub-categories; Element *taxed in the fund* and Element *untaxed in the fund*.

The sub-category *Element taxed in the fund* distinguishes that the 15% tax rate has already been applied to these amounts. The *Element untaxed in the fund* represents amounts that are subject to tax of 15%, which has been deferred. This is most often the case when a rollover is received from a Government superannuation scheme, and results in the SMSF or receiving fund withholding 15% tax on receipt of the rollover.

Another way to look at the differences between these two sub-categories is that *Element taxed in the fund* indicates the 15% tax has already been paid and *Element untaxed in the fund* indicates that the 15% has to be paid.

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Lastly in this section is the **Preservation amounts**, referring to when the superannuation is accessible. Balances that cannot be accessed are preserved, while balances that can be accessed are non-preserved (although some restrictions may apply, which we will get to below). Again, KiwiSaver amounts cannot be contributed to, or rolled over to an SMSF, as such this label is not discussed here.

Prior to turning 65, a member will accumulate super through contributions and investment income. These amounts will add to the pool of preserved benefits until such time that the member meets a Condition of Release with no cashing restrictions. Prior to meeting a condition of release with a nil cashing restriction, preserved amounts cannot be withdrawn from the superannuation system unless the member satisfies a restricted condition of release - such as suffering from severe financial hardship, compassionate grounds, receives a release authority from the ATO or has attained preservation age - and commences to receive a transition to retirement income stream.

Restricted non-preserved amounts arose from certain employment arrangements prior to 1 July 1999. These benefits will remain restricted until such time that the related employment arrangement is terminated.

Unrestricted non-preserved amounts are accessible by members. These most commonly arise when a condition of release is met.

Before moving on from this section, it is important to ensure that the total of the tax components is equal to the total of the preservation amounts. This is the amount of superannuation money being rolled over between funds, and is measured against each metric accordingly. If these totals do not agree, there may be an error in the preparation of the statement.

Section D: Non-complying funds is only relevant for trustees of a non-complying fund. This amount will include all contributions made for the member on or after 10 May 2006 while the fund was non-complying.

Section E: Transferring fund
The transferring fund will complete their information when preparing this statement. This section is important to identify where the rollover benefits have been transferred from.

Next Steps

Once complete, it is important that the statement is signed by a trustee of the fund or an authorised representative, and copies disbursed to the member, receiving fund, and a signed copy retained by the transferring fund or SMSF administrator.

Worth noting is that this statement does not need to be lodged with the ATO. It is for the records of the member, and super funds.

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