



HOSTPLUS

HOSTPLUS SELF-MANAGED INVEST (SMI) – TAX GUIDE

This guide has been developed to outline various tax aspects of investing in the Hostplus Self-Managed Invest (SMI) product. Due to the complexities and changes that can occur within taxation laws, and the different ways these may impact investors, we recommend you seek independent, professional taxation advice.

1 What legal structure are SMI investments managed under?



SMI investments are managed under a Pooled Superannuation Trust (PST). A PST is a type of unit trust that is regulated by the Australian Prudential Regulation Authority and is used for investing assets of a number of super funds, including self-managed super funds (SMSFs).

The Hostplus PST is a flexible and practical investment solution to pool and manage investments for the Hostplus Superannuation Fund as well as other complying superannuation funds, including SMSFs.

2 How are investments taxed in PSTs?



A PST's investment earnings are generally taxed in the same manner as other superannuation funds. The PST is liable to pay tax on any investment earnings based on concessional rates of tax available for superannuation entities. For SMI, any applicable tax is deducted and reflected in the unit prices of investment options.

3 What is the rate of tax paid on investment earnings in SMI?



As SMI forms part of a complying superannuation entity, the maximum tax rate on investment earnings is 15%. However, the effective rate of tax is generally less due to the impact of:

- Concessional capital gains tax treatment for assets held for more than 12 months
- Allowable deductions
- Tax credits and offsets

Hostplus SMI offers accumulation units and pension units, each of which are subject to differing tax treatment, based upon tax rules governing the accumulation and drawdown stages of a member's superannuation lifecycle. It is important that you select the units appropriate to the relevant phase of your SMSF.

4 Why are both accumulation and pension units available in SMI?



Due to differing tax treatment, both accumulation and pension units are available for each investment option. Accumulation unit prices are calculated to reflect tax payable on investment earnings. Pension unit prices are calculated to reflect the exemption from tax payable on investment earnings.

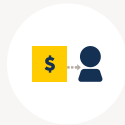
Investors are allocated accumulation and/or pension units according to instructions provided to match the relevant phase of their SMSF. These instructions are required whenever units are purchased. A redemption and new purchase of units is required if you transition between accumulation and pension phase (or vice-versa).

5 Does SMI pay distributions to investors?



Given the PST structure, SMI does not distribute income to investors. Any income received on assets is incorporated into the daily unit price of each investment option.

6 If there are no distributions, how can cashflow be managed?



Investors may redeem units for cashflow via the online portal at any time, subject to any rules that may restrict redemptions and withdrawals. Importantly, there are no buy/sell spreads in any of the SMI investment options, which means there are no transaction costs associated with buying and selling units. Please note that minimum redemption amounts apply.

7 Are SMSF annual returns assessed on any income or capital gains earned while invested in SMI?



As SMI is a tax-paid investment vehicle, SMSFs will not be assessed on any income earned on investments or any gains or losses realised on the disposal of units.

8 What information about SMI is required to be included in a SMSF's annual return?



Below is some information based on published guidance from the Australian Tax Office (ATO) relating to annual return instructions for 2023 at www.ato.gov.au/forms-and-instructions/self-managed-superannuation-fund-annual-return-2023-instructions. Please note the information is a general summary from the ATO website as at 1 February 2024 and the ATO may change their requirements from time to time. Accordingly, you should always check the ATO website for the most up to date information when completing your SMSF annual return.

Section B – Income

SMSFs are not assessed on any income and capital gains and losses in relation to PSTs and therefore no information is required to be reported under Income.

Section C – Deductions and non-deductible expenses

SMSFs may be able to claim a deduction for expenses they incurred in relation to investments in PSTs under 'Investment expenses'.

Section H – Assets and liabilities

Investments in PSTs should be included in the Assets and liabilities section of the SMSF Annual Return under Australian managed investments > Other managed investments.

WE'RE HERE TO HELP.

If you have any questions, we're happy to help. Just call **1300 467 875**, 8am – 8pm AEST /AEDT, Monday to Friday or visit hostplus.com.au

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Important information: All above information is as at 1 February 2024. This information contains general advice only and does not take into account your personal objectives, financial situation or needs. You should consider if this information is appropriate for you in light of your circumstances before acting on it. Please read the Hostplus Self-Managed Invest (SMI) Product Disclosure Statement (PDS), available at hostplus.com.au/smsfs before making a decision about Hostplus SMI. Hostplus' products (which include its investment options) are designed for a particular target market. Please read our Product Disclosure Statement and Target Market Determination available at hostplus.com.au for a description of the target market and to understand what's right for you. Past performance is not a reliable indicator of future performance. While every care has been taken to ensure that the information in this document is correct as at the date of publication, Hostplus reserves the right to correct any error or misprint in respect of the information shown. Hostplus will not accept any responsibility for any loss or damage, whether direct, indirect or consequential, arising out of or in connection with any use or reliance on the information provided in this document. Hostplus Self-Managed Invest (SMI) is issued by Host-Plus Pty Limited ABN 79 008 634 704, AFSL 244392 as trustee for the Hostplus Pooled Superannuation Trust (PST) ABN 13 140 019 340. HP2871 0224