30 September 2022

Ms Michelle Levy
Quality of Advice Review Secretariat
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: michelle.levy@allens.com.au

Dear Michelle

Quality of Advice Review: specifically at 4.6 'Accountants providing financial advice'

We welcome the opportunity to provide this further submission to the Quality of Advice (QoA) Review and specifically to section 4.6 of the Issues Paper released in March 2022. This submission is made jointly by the Chartered Accountants Australia and New Zealand (CA ANZ), the Institute of Public Accountants (IPA) and the Self Managed Super Fund Association (SMSFA), (collectively referred to as the Joint Bodies).

Background – previous submission

This submission further develops and clarifies the proposal made in our earlier joint submission dated 15 June 2022: CA ANZ + IPA + SMSFA QoAR Joint Submission. In that submission we outlined our proposal to enable consumers to obtain certain types of advice from their Registered Tax Agent (RTA) (with additional relevant qualifications) in the ordinary course of providing tax agent services under the existing regulatory regime of the Tax Practitioners Board (TPB) and the *Tax Agent Services Act 2009* (TASA). We also set out the extensive advocacy efforts which led to the evolution of our proposal and resulted in the Joint Bodies presenting draft legislation (for the Better Advice Bill), draft regulations and a draft Legislative Instrument to the former Government and other stakeholders for their consideration. Many of the tasks undertaken were at the request of former Minister Jane Hume's office, including the draft legislation, regulation and Legislative Instrument which were prepared by Maddocks Solicitors.

Specifically, our proposed solution seeks to:

Amend the definition of tax agent service in section 90-5 of TASA to allow:

a. A 'qualified accountant' (defined in s88B of the *Corporations Act 2001* as a member of one of the major accounting bodies),
b. who operates under a Certificate of Public Practice, and
c. who is an RTA with the TPB, and
d. who is either:
    I. Listed on the Register or Relevant Providers as at the date the legislation is passed or within two years prior to this date; or
    II. Accredited as an SMSF specialist adviser to provide a service, in the ordinary course of business as an RTA, that relates to advising on and assisting with:
        - Calculating and making contributions to an existing superannuation fund; or
        - Establishing a pension and calculating payments in connection with a pension payable from an existing superannuation fund; or
        - Establishing or winding up an SMSF.

Response to the QoA Review Consultation Paper – Proposals for Reform (Proposals Paper)

Introduction

The QoA Review Consultation Paper – Proposals for Reform (Proposals Paper) was issued in August 2022, with the Joint Bodies having attended various consultations at which we have sought to elaborate on our proposed solution. In order to clarify and illustrate our proposal, we have been asked for further information including case studies. Consequently, we have held consultations with our respective members and financial advisers in preparing relevant and genuine case studies based on 'real life' scenarios.

As defined above, 'Qualified accountants', who are RTAs, hold a Certificate of Public Practice and who have completed additional specialist superannuation studies are expected by their clients to discuss superannuation issues in the ordinary course of a taxation service.

There are literally hundreds of thousands of small businesses across each state and territory of Australia who engage an accountant to assist them with tax advice each year. They are expected to discuss the advantages and disadvantages of making superannuation contributions, yet are unable to discuss the quantum of such contributions nor the type of fund that should be used.

Under no circumstances are the Joint Bodies seeking any form of exemption to allow accountants to provide financial product advice around the assets within a superannuation fund, as we support the view that is the domain of a licensed relevant provider. However, our members continually remind us that they find themselves in a conflicting and difficult situation with their clients who are seeking simple superannuation advice relating to their tax affairs, but the 'line in the sand' between tax advice and licensed financial product advice in relation to superannuation is blurred.

We welcome the bold reform shown in the Proposals Paper and discussed at the various consultations attended and note the acknowledgement that more advice providers are required to meet the growing consumer demand for advice. We also strongly endorse the view that some advice providers do not necessarily need to be licensed relevant providers, so long as the advice is given by someone suitably qualified to do so and matches the needs of the customer or client.

The Joint Bodies believe we have a ready-made, highly skilled group of professional members who should be considered 'non-relevant providers' and are ideally placed to meet the advice needs of many Australian small businesses and individual taxpayers. We emphasise again that we believe accountants providing a tax agent service are complementary to licensed relevant providers, and that both types of advice providers have an important role to play in the financial services landscape.

Case studies

These following case studies seek to demonstrate scenarios that our collective members face on a day-to-day basis, so that a constructive solution for both accountants and their clients in relation to tax agent services can be reached.

Appendix A: Case study 1: 30 June tax planning using superannuation contributions
Appendix B: Case study 2: 30 June tax planning using various prepayments
Appendix C: Case study 3: Small Business CGT Concessions: 'Retirement Concessions'
Appendix D: Case study 4: Small Business CGT Concessions: '15-Year Exemption'
Appendix E: Case study 5: Tax Planning Advice: 'Pensions'
Appendix F: Case study 6: Tax and Business Structuring Advice: 'SMSF Establishment'
Appendix G: Case study 7: SMSF Administration Services & Compliance Advice: 'Investment Strategies'

The Joint Bodies' proposal as contained in our two submissions would mean that a suitably qualified and regulated accountant under the TPB could provide advice to consumers in the types of scenarios illustrated by our case studies. These are common scenarios our members face on a regular basis.

The proposal recognises the limits of this advice by mandating that when this advice crosses over into personal financial advice, then it must be referred to a licensed financial adviser. It simply ensures that consumers can obtain the full range of tax agent services from their choice of professional adviser without being constrained by duplicative and prohibitive regulation.

Australian businesses and individuals need accountants

We refer to the Australian Taxation Office Submission Inquiry into Taxpayer Engagement with the Tax System, February 2017 where it states that: "There are 2.9 million clients in the core small business market (businesses with an income of less than $2 million) and these account for more than 95 per cent of all businesses in Australia.

Around 95 per cent of small businesses choose to use a tax practitioner to assist them to manage all or part of their tax affairs. Research shows that small businesses primarily look to agents for tax advice and help due to perceptions of complexity of the system"

These numbers confirm the important role accountants play in advising small businesses.

Accountants walk a tightrope

Accountants believe they are being asked to walk a tightrope. One wrong step and they fall into providing unlicensed advice and may be subject to substantial penalties. It is not efficient or fair for the regulatory environment to create such uncertainty.

We say this because the effect of Sec 766(5)(b) of the Corps Act and Regulation 7.1.29 of the Corporations Regulations is to allow an accountant to talk about factual information with a client concerning the cashflow and tax impacts of the items listed above in d.II.

However Sec 766B defines "financial product advice" and "personal advice" in such a way that it is very difficult to speak about the above matters without accidentally providing information deemed to be trapped by these definitions in Chapter 7 and hence potentially face significant penalties for providing unlicensed advice, especially as this area of the law applies a reverse onus of proof.

One of the main objectives of Chapter 7, and its related regulations, is to enable financial services providers to deliver services fairly, honestly and professionally. We support these aims.

But Chapter 7 needs to be clear and enable operators to act professionally and fairly. In relation to qualified accountants, it currently does not do this.

Alternative solution: accountants as non-relevant providers:

As an alternative to our proposed solution outlined for the previous government, we propose that accountants could be considered as 'non-relevant providers' in accordance with the Proposals Paper. We believe this would be appropriate in the event the limited licence is removed. Even though the Proposals Paper creates the nexus of 'fee for service' for defining relevant providers, we submit that a specific category of non-relevant provider would be practical and efficient. Alternatively, the definition of 'fee for service' could be made flexible to capture prescribed situations for certain categories of advisers.

If this was to be the preferred option for accountants, we propose they would still need to be:

a. A 'qualified accountant' (defined in s88B of the *Corporations Act 2001* as a member of one of the major accounting bodies),
b. who operates under a Certificate of Public Practice, and
c. who is either:
   I. Listed on the Register or Relevant Providers as at the date the legislation is passed or within two years prior to this date; or
   II. Accredited as an SMSF specialist adviser to provide a service, in the ordinary course of business that relates to advising on and assisting with:
      - Calculating and making contributions to an existing superannuation fund; or
      - Establishing a pension and calculating payments in connection with a pension payable from an existing superannuation fund; or
      - Establishing or winding up an SMSF.

These requirements provide consumer protections and ensure the only accountants providing such advice are highly qualified in superannuation, belong to a professional association with rigorous Quality Review processes to enforce high levels of ethical standards and require appropriate ongoing CPD for this area of practice.

QoA Review Issues Paper – March 2022 – unfinished business in relation to accountants

The Joint Bodies submit that specifically referencing Recommendation 7.2 of the TPB Review in the QoA Review Terms of Reference 3.1.7 highlights the former Government's intention to proactively deal with the role of accountants within the financial advice sector. This recognises the important and trusted role that accountants and tax agents have with their clients and the broader community.

TPB Review – the role of accountants

It is worth repeating Recommendation 7.2 of the TPB Review, which states:

7.2 Having recommended the regulatory burden on tax (financial) advisers is to be reduced, the Review believes it is reasonable that a similar level playing field should be considered for accountants. The Review therefore recommends the Government initiate a specific review of what advice accountants can and cannot give in respect of superannuation and which accountants that might apply to. Such a review could perhaps be undertaken by the Productivity Commission.

As outlined in our previous submission referred to above, accountants who are also RTAs are already regulated by the TPB under TASA and are also subject to regulation under the Accounting Professional and Ethical Standards Board, Professional Standards Councils, Financial Reporting Council and so on. We believe that the existing regulation of accountants should be given due weight in the QoA Review in dealing with the Terms of Reference 3.1.7.

Unmet policy objectives of the TPB Final Report dated 31 October 2019 (TPB Review)

To illustrate our point even further, we refer to the Independent Review of the TPB Final Report dated 31 October 2019 (TPB Review), which noted the following points at paragraphs 7.28 and 7.29 (page 78):

7.28 The policy objectives of FOFA were to improve the trust and confidence of Australian retail investors in the financial services sector and ensure the availability, accessibility and affordability of high quality financial advice. Many of the submissions were of the view that these objectives had not been met, stating that it placed accountants in an impractical situation where, as trusted advisers, they were expected by their clients to be able to provide advice relating to SMSFs but could not unless they held an AFSL.

7.29 Further to this point, comments have recently been made by tax practitioners at a Tax Forum that advice on establishing an SMSF is advice concerning a structure in the same vein as advice on establishing a company or trust. At this point no financial product advice is being provided. Clients may be confused as to why their accountant can give advice on all business and investment structures but not an SMSF.

Applying existing frameworks

We submit that most regulation is not workable on a one-size-fits-all basis, but if undertaken under a principles-based approach, can provide flexibility and certainty for all stakeholders. For example, section 90 of TASA which defines 'tax agent service', has given rise to various 'intermediaries' being captured under the various definitions, including: digital service providers, conveyancers, lawyers, payroll service providers, quantity surveyors, novated lease providers and salary sacrifice providers, research and development specialists, and until recently tax (financial) advisers (TFAs). The TPB Review recognised that the list of occupations/ professions who might in the future fall within the TASA/ TPB regime is not exhaustive and therefore the solution in Recommendation 4.9 (page 51) was put forward:

> *Only those tax intermediaries that are not regulated by any other Government body should require registration with the TPB, despite otherwise being required to be registered with the TPB.*
>
> *The TPB should have the power, through the legislative instrument process, to exclude certain other services from having to register with the TPB.*

The (former) Government supported the Recommendation, noting in the Government Response to the Review of the Tax Practitioners Board 2019, released in November 2020:

Adopting this recommendation [4.9] *will reduce the compliance burden on many small businesses while still ensuring an appropriate level of regulation.*

Using the legislative instrument process will ensure that appropriate consultation occurs to confirm that any tax services will still be appropriately regulated.

We believe that the established framework of the TPB and TASA, which recognises the role played by intermediaries, could be applied to the regulation of financial advice intermediaries such as accountants and other professional advisers. This would mean that accountants who are RTAs (or hold another statutory registration) would not have to also be licensed under ASIC and the *Corporations Act 2001.*

To clarify further we refer to the Final Report of the TPB Review, paragraphs 4.62-4.64 (page 46) which state:

4.62 *All three definitions* [of tax agent service] *are very broad and do not draw a distinction between entities that solely provide agent services and entities for which agent services form a small portion of their offered services.*

4.63 *As observed in the Review's Discussion Paper, the breadth of these definitions has led to many other professions other than tax agents, BAS agents and TFAs now being treated as providers of* [tax]*agent services.*

The TPB Review then considered a possible solution:

4.103 *In order to future-proof this aspect of the report, the Review recommends establishing a basic principle that if a tax intermediary is regulated or monitored by a Government agency (other than the TPB) then there should be no need to also register with the TPB.*

4.104 *It will need to be decided what is the most effective means of doing this. While lawyers have a legislative exemption (Section 50-5 of the TASA) the Review proposes that a more streamlined and real-time process might be more appropriate than making changes to the TASA each time a profession needs to be considered for exemption.*

4.105 *A possible solution might be that changes can be made by way of Legislative Instrument. This would ensure appropriate consultative processes occur before any changes occur.*

4.106 *For those that are exempted from registration due to regulation by another disciplinary body, these professions are under an obligation imposed by the TASR to provide a statement indicating that the provider of the advice is not a registered tax agent and that obtaining advice from a registered tax agent is suggested.*

Intermediaries and the QoA Review Proposals Paper:

In the terminology of the Proposals Paper, intermediaries in financial advice could be non-relevant providers and still regulated (other than under the *Corporations Act 2001*) in a streamlined way which reduces regulatory duplication and costs whilst increasing the pool of professional advisers. This would also create a more level playing field across the financial advice sector, including between TFAs and RTAs, as required by Recommendation 7.2 of the TPB Review and the QoA Review Terms of Reference 3.1.7.

In terms of the Proposals Paper, treating accountants as intermediaries would encourage more people to give personal advice, and would be reasonably likely to put clients in a better position through 'good advice' as these or similar obligations exist under other regulatory regimes.

Conclusion

The Joint Bodies welcome the boldness and ambition underpinning the Proposals Paper and encourage this approach to be carried across to the final recommendations. With respect to the role of accountants, we are hopeful that the existing professionalism and regulation will be given due weight for the benefit of consumers.

We would be pleased to further discuss this submission and our proposals with you and the Treasury Secretariat.

Yours sincerely,

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& International
Chartered Accountants Australia & New Zealand

Vicki Stylianou
Group Executive – Advocacy & Policy
Institute of Public Accountants

John Maroney
Chief Executive Officer
SMSF Association

Appendix A: Case study 1
30 June tax planning using superannuation contributions
Small business Sydney CBD

Accounting Practice	3 Partners & 30 staff Office located in North Sydney HNW clients Approx 2500 small businesses & 3000 individuals Limited AFSL
Client structures in this case study	Company Family trust through which business operates Dad, Mum & adult child
Types of income	Wages Family trust distributions • 50% to Dad • 15% to Mum • 35% to company Dividend/franking credits from company
Tax return considerations	PAYG withholding tax and PAYG instalments Franking credits Work related expenses Superannuation above SG contributions
Other pre 30 June business considerations	Marginal tax rates Non-deductible and deductible debt levels Cash surplus to pay super contributions Existing super balances and contribution caps
Financial product advice for clients	Referral to licensed adviser: choice of funds & investments
Prohibitive issues for CA practice	***Cannot recommend allocation of super without AFSL*** ASIC costs of limited AFSL FASEA CPD costs (extra 120 hours CPD + sunk time cost) Risk of accidental non-compliance Compliance time costs of limited AFSL purely for super

Appendix A: Case study 1
Small business Sydney CBD
Calculator scenario – no super

J Bloggs

YEAR ENDED 30 JUNE 2021

Entity	Taxable Income	Tax payalbe / (refund)
XYZ P/L	349,357.14	12,950.00
Mr Bloggs	440,988.00	14,931.36
Mrs Bloggs	197,793.00	(1,370.29)
Child Bloggs	23,522.00	954.18
	1,011,660.14	27,465.25

ESTIMATES

		XYZ Family Trust	Mr Bloggs	Mrs Bloggs	Child Bloggs	XYZ P/L
Net Profit						
Wage	-		150,000.00	100,000.00	20000	-
Dividends Received					2,500.00	100,000.00
Franking Credits					1,022.00	42,857.14
Rent - Dist per Tax			(3,712.00)	9,593.00		
XYZ Family Trust			$295,000.00	$88,500.00	$0.00	$206,500.00
Net Profit	**0.00**	**0.00**	**441,288.00**	**198,093.00**	**23,522.00**	**349,357.14**
Deductions						
WRE Deductions			(300.00)	(300.00)	(300.00)	0.00
Superannuation Contribution						
Taxable income	**0.00**	**0.00**	**440,988.00**	**197,793.00**	**23,222.00**	**349,357.14**
Company Tax - 30%	-					104,807.14
Tax payable						
			169,111.60	59,673.85	954.18	
Medicare levy			8,819.76	3,955.86	-	
	0.00	0.00	177,931.36	63,629.71	954.18	104,807.14
Less:						
PAYG Withholding Tax	0.00		(43,000.00)	(24,000.00)	0.00	0.00
Franking from XYZ Family Trust			(70,000.00)	(21,000.00)	0.00	(49,000.00)
Other Franking Credits					0.00	(42,857.14)
PAYG Instalments			(50,000.00)	(20,000.00)	0.00	
Total Credits			(163,000.00)	(65,000.00)	0.00	(91,857.14)
Balance of Income Tax per ITR			14,931.36	(1,370.29)	954.18	12,950.00

Summary:

Total tax paid across all entities = ($27,465.25)

Appendix A: Case study 1
Small business Sydney CBD
Calculator scenario – with $70k cash available for super

J Bloggs

YEAR ENDED 30 JUNE 2021

Entity	Taxable Income	Tax payalbe / (refund)
XYZ P/L	311,857.14	1,700.00
Mr Bloggs	413,488.00	2,006.36
Mrs Bloggs	197,793.00	(1,370.29)
Child Bloggs	23,522.00	4.18
	946,660.14	2,340.25

ESTIMATES

		XYZ Family Trust	Mr Bloggs	Mrs Bloggs	Child Bloggs	XYZ P/L
Net Profit						
Wage	-		150,000.00	100,000.00	20000	-
Dividends Received					2,500.00	100,000.00
Franking Credits					1,022.00	42,857.14
Rent - Dist per Tax			(3,712.00)	9,593.00		
XYZ Family Trust			$295,000.00	$88,500.00	$0.00	$206,500.00
Net Profit	**0.00**	**0.00**	**441,288.00**	**198,093.00**	**23,522.00**	**349,357.14**
Deductions						
WRE Deductions			(300.00)	(300.00)	(300.00)	0.00
Superannuation Contribution			(27,500.00)		(5,000.00)	(37,500.00)
Taxable income	**0.00**	**0.00**	**413,488.00**	**197,793.00**	**18,222.00**	**311,857.14**
Company Tax - 30%	-					93,557.14
Tax payable						
			156,736.60	59,673.85	4.18	
Medicare levy			8,269.76	3,955.86	-	
	0.00	0.00	165,006.36	63,629.71	4.18	93,557.14
Less:						
PAYG Withholding Tax	0.00		(43,000.00)	(24,000.00)	0.00	0.00
Franking from XYZ Family Trust			(70,000.00)	(21,000.00)	0.00	(49,000.00)
Other Franking Credits					0.00	(42,857.14)
PAYG Instalments			(50,000.00)	(20,000.00)	0.00	
Total Credits			(163,000.00)	(65,000.00)	0.00	(91,857.14)
Balance of Income Tax per ITR			2,006.36	(1,370.29)	4.18	1,700.00

Summary:

Total tax <u>paid</u> across all entities = ($2,340.25)

Careful tax planning of super contributions across all entities has saved $25,125

Appendix B: Case study 2
30 June tax planning using various prepayments
Farming business country South Australia

Issue	Detail
Accounting practice	6 Partners & 50 staff Office located in Adelaide fringe CBD Small business CBD + rural SA + regional NT Approx 3200 small businesses & 4500 individuals Limited AFSL + inhouse JV with full AFSL
Client structures in this case study	Partnership through which business operates SMSF holding land for farm and cash Dad and Mum
Types of income and expenses	See accounts next page
Tax considerations	Actual P&L to 30 April 2022 v actual P&L for 2020/21 Estimated expenses for May/June 2022 prepared Prepayments considered • Crop sprays, fertiliser and fuel • Farm Management Deposits (income into Bank secure Term Deposit - deductible when placed, assessable when redeemed) • Pre-Paid Plus (farm supplies- deductible: not secure) • Superannuation
Other pre 30 June business considerations	Asset structures – SMSF for land recommended Marginal tax rates, offsets and rebates Non-deductible and deductible debt levels Cash surplus for prepayments Existing super balances and contribution caps
Financial product advice for clients	Referral to inhouse licensed adviser: choice of funds & investments
Prohibitive issues for accounting practice	***Cannot recommend allocation of super without AFSL*** ***Cannot recommend SMSF for land without AFSL*** ASIC costs of limited AFSL FASEA CPD costs (extra 240 hours CPD + sunk time cost) Risk of accidental non-compliance Compliance time costs of limited AFSL purely for super

Appendix B: Case study 2
Farming business country South Australia
Interim accounts: actual to 30 April 2022 & estimated expenses

ESTIMATED PROFIT & LOSS FOR THE YEAR 2021/22

	ACTUAL 2020/21 $	ACTUAL 1/7/21-30/4/22	ESTIMATE May/June $	TOTAL 2021/22 $
INCOME				
Livestock - Sheep	(70)			
Steel - Gross Trading	1,709		842	842
Barley	60,205	11,697		11,697
Beans		30,833		30,833
Contract Income	8,128	2,833		2,833
Canola	-	56,498		56,498
Dividends Received	17	307		307
Fuel Rebates	946		1,909	1,909
Hay & Fodder	17,225	5,850		5,850
Interest Received	650	4		4
Lease Income	97,493	55,307	18,435	73,743
Profit on Sale of Plant & Equipmen	4,545	5,000		5,000
Capital Gain - Non Taxable	964,337			
Solar Credits	2,706		2,500	2,500
Wheat	1,734	18		18
TOTAL INCOME	**1,159,626**	**168,347**	**23,686**	**192,033**
EXPENSES				
Accountancy Fees	6,035	4,240		4,240
Bank Charges	1,573	647		647
Contracts	-	1,092		1,092
Crop Spray	3,128	14,985		14,985
Electricity & Power	2,259	778	1,500	2,278
Expenses of Borrowing	83		83	83
Fees, Licences & Subscriptions	613	604		604
Fittings & Tools	3,741	1,626		1,626
Fodder & Dog Food	5,736	426		426
Freight & Cartage	657	375		375
Fuel & Tyres	6,235	8,558		8,558
Insurance	18,196	15,739		15,739
Interest 1	7,814	5,826		5,826
Interest 2	1,142		428	428
Motor Vehicle Expenses	1,277	1,579		1,579
Motor Vehicle Rego	3,840	3,474		3,474
Postage, Printing & Stationery	506	340		340
Protective Clothing	405	93		93
Rates & Taxes	7,765	3,696	1,159	4,855
Repairs - Building	1,115			
Repairs - Fencing & Yards	2,157	1,411		1,411
Repairs - Plant	12,838	3,228		3,228
Repairs - Water	1,958	1,313		1,313
Seed & Super	18,848	15,767	6,369	22,136
Seed Cleaning		1,050		1,050
Selling Expenses	1,771	1,345		1,345
Stock Req. & Vet Expenses	386	171		171
Telephone	3,188	2,106		2,106
TOTAL EXPENSES	**113,264**	**90,469**	**9,539**	**100,008**
NET CASH PROFIT/(LOSS)	**1,046,363**	**77,878**	**14,147**	**92,025**
TAX ADJUSTMENTS				
Depreciation	(49,682)			
Capital Gain (Non taxable)	(964,337)			
Add Back M/V Expense	1,277			1,579
Less M/V -5000km deduction	(3,600)			(3,600)
Add: Franking Credit	7			31
TOTAL TAX ADJUSTMENTS	**(1,016,335)**			**(1,991)**
NET TAXABLE PROFIT/(LOSS)	**30,028**	**77,878**	**14,147**	**90,035**
			Primary Production (PP)	17,161
			Non-Primary Production (NPP)	72,874

Appendix B: Case study 2
Farming business country South Australia
Tax planning alternatives using FMDs and superannuation

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INDIVIDUAL ESTIMATION 2021/22

Scenario:	1				2				3			
	'Do Nothing'				Withdraw $25k each FMDs & max. superannuation contributions				No FMD withdrawal and $25k super contribution each			
NAME:	**Individual 1**	**Individual 2**	**Client SMSF**		**Individual 1**	**Individual 2**	**Client SMSF**		**Individual 1**	**Individual 2**	**Client SMSF**	
Partnership - PP	$8,581	$8,581		*$17,161*	$8,581	$8,581		*$17,161*	$8,581	$8,581		*$17,161*
Partnership - NPP	$36,437	$36,437		*$72,874*	$36,437	$36,437		*$72,874*	$36,437	$36,437		*$72,874*
SMSF - Lease			$47,500				$47,500				$47,500	
Salary & Wages												
Superannuation Contribution							$55,000				$50,000	
Interest (per 20-21)	$350	$350			$350	$350			$350	$350		
FMD Withdrawal					$25,000	$25,000						
Capital Gains												
TOTAL INCOME	**$45,367**	**$45,367**	**$47,500**		**$70,367**	**$70,367**	**$102,500**		**$45,367**	**$45,367**	**$97,500**	
Less:												
Superannuation Contribution					$27,500	$27,500			$25,000	$25,000		
Work Related Expenses												
FMD Deposit												
Pre-paid Expenses												
TOTAL EXPENSES	**$0**	**$0**	**$0**		**$27,500**	**$27,500**	**$0**		**$25,000**	**$25,000**	**$0**	
TAXABLE INCOME	**$45,367**	**$45,367**	**$47,500**		**$42,867**	**$42,867**	**$102,500**		**$20,367**	**$20,367**	**$97,500**	
Average Income	$36,340	$38,140			$35,840	$37,640			$31,340	$33,140		
Tax on Average Income	$3,447	$3,789			$3,352	$3,694			$2,497	$2,839		
Average Rate	9.48%	9.93%			9.35%	9.81%			7.97%	8.57%		
TAX ESTIMATION:												
Tax	5,211	5,211	7,125		4,687	4,687	15,375		412	412	14,625	
Medicare	907	907			857	857						
Less:												
Senior Aust. Tax Offset												
Low/Middle Income Tax Offset	883	883			695	695			255	255		
Small Bus. Tax Offset	417	417			375	375			33	33		
Averaging Rebate/(Complementary Tax)	172	133			531	376			(510)	(561)		
Imputation Credits (Per	15	15			15	15			15	15		
PAYG Withholding												
ESTIMATED TAX	**4,632**	**4,671**	**7,125**		**3,928**	**4,083**	**15,375**		**619**	**670**	**14,625**	
Tax Instalments Paid (Sept '21 - Mar '22)	-	-	-		-	-	-		-	-	-	
June '22 Tax Instalment (Due July '22)	-	-	-		-	-	-		-	-	-	
Tax Payable/(Refund)(Due May '23)	**4,632**	**4,671**	**7,125**		**3,928**	**4,083**	**15,375**		**619**	**670**	**14,625**	
Total		**16,428**				**23,386**				**15,914**		
Super Contributions Tax	-	-	-		*4,125*	*4,125*	-		*3,750*	*3,750*	-	
Total Gross Tax	***4,632***	***4,671***	***7,125***		***8,053***	***8,208***	***15,375***		***4,369***	***4,420***	***14,625***	
Effective Tax Rate	*10.24%*	*10.33%*	*15.00%*		*9.20%*	*9.56%*	*15.00%*		*3.11%*	*3.36%*	*15.00%*	
FMD BALANCE AS AT 30 JUNE 2022	25,000	25,000	-		-	-	-		25,000	25,000	-	

Summary:

Client chooses between three scenarios

Careful tax planning of prepayments - best case $25k super contributions each

Appendix C: Case study 3
Small Business CGT Concessions
'Retirement Concessions'

Accountancy Practice	2 Partners & 8 staff Boutique accounting & tax advisory firm - CBD Small/medium business clients Approx 950 small businesses & 2,500 related individuals No AFSL (Referral arrangements with advice firm)
Client structures in this case study	Individual taxpayer used for simplicity. Additional steps required where CG occurs in a company or trust Dad, Mum & adult children
Types of income	Capital gains tax on sale of a business or capital asset used in a business Capital gain applies to Dad. Can choose to apply: • SBCGT discount • SBCGT discount + Retirement Concession • No SBCGT discount + Retirement Concession • SBCGT discount + Rollover concession
Tax return considerations	SBCGT Election (concessions used & contribution amount) Election form to super fund on or before contribution is made to superannuation
Other pre-30 June considerations	Existing super balances and contribution caps Impact on client's personal total superannuation balance Cash surplus to pay super contributions (CC / NCC) Timing and eligibility to make super contributions (e.g. non-concessional contributions)
Financial product advice for clients	Referral to licensed adviser: choice of funds & investments

Other Advice Considerations	Nature of the advice is specialist taxation and structuring. Complex tax advice in provision of a tax agent service which includes preparations and lodgement of returns with the Commissioner of Taxation Due to the nature of the advice, advisers are generally unable to provide this advice or service. They are unlikely to be covered by their PI insurance to provide this advice. Advisers are reluctant to provide advice that is limited to contributions or contributions amounts only Due to the complexity of these rules, advising on contributions only presents a risk to the adviser where the SBCGT are later found to be incorrectly applied.
Prohibitive issues for CA practice	***Cannot recommend allocation of super without AFSL*** ASIC costs of limited AFSL FASEA CPD costs (extra 80 hours CPD + sunk time cost) Risk of accidental non-compliance Compliance time costs of limited AFSL purely for super

Appendix C: Case study 3
Small Business CGT Concessions
'Retirement Concession'

Assumption: Result is a net capital gain of $1m.

(capital proceeds – cost base – costs) – capital losses = net capital gain

Concessions Applied	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Net Cap Gain	$1,000,000	$1,000,000	$1,000,000	$1,000,000
50% CG Discount	($500,000)	($500,000)	($500,000)	($500,000)
	$500,000	$500,000	$500,000	$500,000
SBCGT 50% Discount	($250,000)	($250,000)	-	($250,000)
	$250,000	$250,000	$500,000	$250,000
SB Retirement Contribution	-	($250,000)	($500,000)	-
	$250,000	$ 0	$ 0	$250,000
SBCGT Rollover	-	-	-	*($250,000)
Taxable Gain	**$250,000**	**$ 0**	**$ 0**	**$ 0**

*Retirement concession can be used with the later disposal of the replacement asset.

Different scenarios must be prepared for the client, considering their personal circumstances. Where a client has previously used part of their small business retirement contribution cap, care is needed. The cap is a lifetime cap. Any previously used cap amounts need to be considered and therefore affect the advice that is given.

Consideration must be given to the age of the client.

1. Where they are aged 55 years or more, there is no requirement for the retirement concession amount to be contributed into superannuation. They can however elect to do so.
2. Where the client is aged less than 55 years, the retirement concession amount <u>must</u> be contributed into superannuation.

Different scenarios will include consideration of different amounts paid into superannuation.

Appendix D: Case study 4
Small Business CGT Concessions
'15-Year Exemption'

Accounting Practice	6 Partners & 32 staff Mid-tier accounting firm – Adelaide CBD Part of a national network of independently owned firms Small/medium business clients, individuals & SMSFs Approx 950 small businesses & 2500 related individuals No AFSL - Heads of agreement with advice firm within the national network
Client structures in this case study	Individual taxpayer used for simplicity. Additional steps required where CG occurs in a company or trust Dad, Mum & adult children
Types of income	Capital gains tax on sale of a business or capital asset used in a business – 100% tax free Can choose to apply: • 15-year exemption applies by default • Can elect to contribute to superannuation tax free up to lifetime limit (22/33: $1,650,000) • Clients generally seek to maximise contributions from proceeds (SBCGT + NCC) • Provides opportunity to payout debt and increase spouse superannuation balances (e.g., NCC) Advice will also consider a client's future income and cashflow needs net of tax. • Advice needs to consider all sources of income • May include pension establishment and/or payment advice
Tax return considerations	SBCGT Election (concessions used & contribution amount) Election form to super fund on or before contribution is made to superannuation

Other pre-30 June considerations	Existing super balances and contribution caps Impact on client's personal total superannuation balance Cash surplus to pay super contributions (CC / NCC) Timing and eligibility to make super contributions (e.g., non-concessional contributions)
Financial product advice for clients	Referral to licensed adviser: choice of funds & investments
Other Advice Considerations	Nature of the advice is specialist taxation and structuring. Complex tax advice in provision of a tax agent service which includes preparations and lodgement of returns with the Commissioner of Taxation Due to the nature of the advice, advisers are generally unable to provide this advice or service. They are unlikely to be covered by their PI insurance to provide this advice. Advisers are reluctant to provide advice that is limited to contributions or contributions amounts only Due to the complexity of these rules, advising on contributions only presents a risk to the adviser where the SBCGT are later found to be incorrectly applied. Difficult for accountant to provide this advice while avoiding providing financial product advice.
Prohibitive issues for CA practice	***Cannot recommend allocation of super without AFSL*** ASIC costs of limited AFSL FASEA CPD costs (extra 240 hours CPD + sunk time cost) Risk of accidental non-compliance Compliance time costs of limited AFSL purely for super

Appendix D: Case study 4
Small Business CGT Concessions
'15-year exemption'

This concession can only be used where the taxpayer is aged 55 years or over and the disposal is in connection with their retirement. Often the client has met their preservation age and will satisfy a condition of release on or about the time the concessions are applied. They can therefore access their superannuation proceeds as either a pension or a lump sum.

The 15-year exemption allows a taxpayer to disregard all the proceeds received from the disposal of a qualifying SBCGT asset. From this amount, the taxpayer may elect to make a tax-free contribution to superannuation under the lifetime cap. The lifetime cap for 2022/23 is $1,650,000.

Assumption: $4,175,000 sale proceeds

Potential application:

SBCGT Contribution	$1,650,000	
NCC for Client	$ 330,000*	
NCC for Spouse	$ 330,000*	
Benefit for Couple:	**$2,310,000**	*(*Subject to contribution caps and other rules)*
Balance remaining:	$1,865,000	

Questions addressed as part of the client advice include:

1. What business loans and liabilities to be paid out
2. Identify any personal debt or liabilities to be paid out or discharged
3. Amounts to contribute into superannuation using the SBCGT 15-year rule
4. Amounts to contribute as non-concessional contributions ("NCC") for the individual and/or their spouse, including:
    a. Undertaking an assessment of an individual's current and expected future total superannuation balance and the impact of any SBCGT contributions made
    b. Careful planning for the timing of any non-concessional contributions noting impacts of (a)
5. Navigating future income and cashflow requirements which considers the net tax implications for the client.
    a. This will consider all sources of income for the client
    b. This may include advice on the following in relation to an existing superannuation fund:
        i. Establishing a retirement phase pension
        ii. Calculating payments in connection with a pension
        iii. Taxation implications for the fund and individual

Appendix D: Case studies 3 & 4
Additional Notes
'Small Business CGT Concessions'

The small business CGT ("SBCGT") concessions are a complex area of taxation law.

Pre-planning tax and structuring advice would have been previously provided to a client by their accountant. This is necessary to ensure that the business structure enables the client to qualify for the SBCGT. This includes ensuring that shareholdings in any companies or interests in trust entities meet the requirements and flow through interposed entities, that are connected entities, achieving the required controlling percentages. Where a family trust is used, the distributions need to have been made to the CGT affiliate over a specified period.

In some cases, planning for SBCGT concessions is run concurrently with sale of business negotiations.

Tax planning advice is provided on the contracting and execution of the disposal of the business or SBCGT asset.

Advice on applying the SBCGT concessions will then follow. This entails the preparation of a range of different client scenarios to illustrate all available options to the client and their outcomes.

How the transaction is structured, and concessions applied will also vary where the concessions are to be used by an individual, couple, qualifying business partners and their spouses.

Advice is provided on the implementation of the chosen concessions, including guidance on when superannuation contributions must be made, contributions amounts, election requirements and formal notification to the superannuation fund trustee in the approved form.

Various net cashflow scenarios would be prepared to illustrate the impacts on the application of the sale proceeds. This would include consideration of the impost of income tax liabilities (where applicable), pay out of business debts, personal debts, payment of dividends from companies, structuring trust distributions, business reinvestment and personal superannuation contributions.

Contributions advice needs to include:

1. A review of the client's total superannuation balance and the effect contributions made using the SBCGT concessions will have to personal contributions in future financial years
2. The use of tax-deductible concessional contributions and the impact on personal taxation
3. The use of personal non-concessional contributions from the available tax-free proceeds into superannuation.
4. Timing implications of contributions noting the change of total superannuation balance

Appendix E: Case study 5
Tax Planning Advice
'Pensions'

Accounting practice	5 Partners & 35 staff Office located in West Perth Mixture of Small Business, family-owned enterprises and HNW clients Specialist SMSF division: 450 SMSF clients No AFSL (Referral arrangement with Advice Firm)
Client structures in this case study	SMSF & SMSF Trustees (Individuals or special purpose corporate trustee) Typically: Dad and Mum Existing business & SMSF clients of the firm
Types of income & taxation advice	Capital gains tax on sale of a business premises held within the SMSF. Tax planning and structuring advice is needed. • Without advice – $166,668 tax payable • With advice – 100% tax free (ECPI) Advice is time sensitive and inherently involves advice surrounding the: • commencement of retirement pensions • timing and amounts of each pension interest • timing of the capital gains tax transaction
Other pre-30 June considerations	Minimum pension payment obligations must be satisfied SMSF investment strategy must be reviewed and updated to ensure appropriate now fund has moved from accumulation to draw down phase.
Financial product advice for clients	Referral to licensed adviser: • Investment advice for placement of sale proceeds • Review of retirement income needs • Review pension account draw down rates

Other Advice Considerations	Nature of the advice is specialist taxation and structuring. Advice of this nature is time sensitive. Financial advisers are often: • reluctant to provide single issue advice unless it is to an existing client. • unable to provide the advice required for a pension establishment advice in a timely manner • reliant upon accountants or SMSF administrators to provide the requisite advice to their clients
Prohibitive issues for CA practice	***Cannot recommend the commencement of a pension without AFSL*** ASIC costs of limited AFSL FASEA CPD costs (extra 200 hours CPD + sunk time cost) Risk of accidental non-compliance Compliance time costs of limited AFSL purely for super

Appendix F: Case study 6
Tax and Business Structuring Advice
'SMSF Establishment'

Accounting practice	5 Partners & 35 staff Office located in West Perth Mixture of Small Business, family-owned enterprises and HNW clients Specialist SMSF division: 450 SMSF clients No AFSL (Referral arrangement with Advice Firm)
Client structures in this case study	Trustee companies, family trusts, SMSF & SMSF Trustees (Individuals or special purpose corporate trustee) Typically: Dad and Mum Existing business clients of the firm
Types taxation and structuring advice	Leasing payments: • An expense that would be incurred by the business entity • Lease payments are income to the SMSF rather than a third party • Income in SMSF concessionally taxed at 15% Property can be retained and re-let when the business later moves or is sold. Important business asset protected in the event of insolvency or bankruptcy. Capital gains held in concessional tax environment.
Financial product advice for clients	Referral to licensed adviser: choice of funds & investments, insurance needs
Other Advice Considerations	Existing insurance arrangements to be preserved until advice can be obtained. Asset protection structure, housing the property separate from the business operations. Providing for the client's future retirement income through capital gains and leasing income.

Prohibitive issues for CA practice	***Cannot recommend the commencement or winding up of an SMSF without an AFSL, including where it is in the client's best interests.*** ASIC costs of limited AFSL FASEA CPD costs (extra 200 hours CPD + sunk time cost) Risk of accidental non-compliance Compliance time costs of limited AFSL purely for super

Appendix F: Case study 6
Tax and Business Structuring Advice
'SMSF Establishment'

SMSFs are an important structure that can be employed in a client's overall business asset structuring. Business and asset structuring is important in allowing for:

1. Quarantine business risk
2. Protection of business real property, intellectual property rights and other valuable assets from creditors and business risk
3. Allows for the separate sale of a trading entity from certain assets

CASE STUDY

Rick and Jenny ran a small family-owned transport business "Transport and Co".

When the business was established, on the advice of their accountants, set up a family trust. Cashflow was tight so they leased the trucks and vans that they needed and leased the business premises. This meant he could easily increase or decrease the number of vehicles as needed.

Rick had previously worked for a large national logistics company "Trucks National" before going into business for himself. He had a very good working relationship with his former employer, and he was well respected. They were looking to expand their operations in a large country town that was close to the city. The company did not have a direct presence in that area and had tried different contractors over the years without success. They approached Rick offering him a service contract.

As a result of the contract, Transport and Co grew quickly. They quickly outgrew their current depot. It was time for Rick and Jenny to look at buying a depot.

Rick and Jenny	
Directors & Shareholders	Directors & Shareholders
Ricks Trucks Pty Ltd	Ricks Property Pty Ltd
Trustee for	Trustee for
Transport and Co Family Trust T/As:	Truck Depot Family Trust
"Transport and Co"	-
Beneficiaries – Rick, Jenny + 2 Children	Beneficiaries – Rick, Jenny + 2 Children
Business Operations	Property Holding Trust - Depot

Due to rapid development in the region, they needed a reliable source of vehicles and labour. There was also an opportunity to lease vehicles to other companies as another source of income and to ensure that the vehicles were productive.

Two new trusts were established. One to acquire and hold the trucks, trailers, vans, forklifts and other vehicles. The other was to engage a pool of drivers. Now that they were also doing some long-haul deliveries, and after a recent near miss incident, he would like to isolate that risk. A trust was established to provide the labour hire. The services were then charged to Transport Co.

Transport Co no longer held any vehicles but was responsible for the administration and servicing of its contracts. It paid fees to the labour hire and plant hire businesses for the use of those resources and leased the premises from the property trust.

Rick and Jenny			
Directors & Shareholders	Directors & Shareholders	Directors & Shareholders	Directors & Shareholders
Ricks Trucks Pty Ltd	Ricks Property Pty Ltd	RJ Trucks N Vans Pty Ltd	RJ Drivers Co Pty Ltd
Trustee for	Trustee for	Trustee for	Trustee for
Transport and Co Family Trust T/As:	Truck Depot Family Trust	Vehicles Holding Trust T/As:	RJs Drivers Trust
“Transport and Co”	**-**	**“RJs Equipment Hire”**	**RJs Drivers n More**
Beneficiaries – Rick, Jenny + 2 Children	Beneficiaries – Rick, Jenny + 2 Children	Beneficiaries – Rick, Jenny + 2 Children	Beneficiaries – Rick, Jenny + 2 Children
Business Operations	Property Holding Trust - Depot	Holding Trust - Vehicles & Plant	Hire staff and provide internal & external labour hire

Rick and Jenny were now looking for a suitable administration site. Whilst the depot had some office space, their staffing and own storage requirements have grown substantially.
They spotted a site that would be a perfect administration site. It also had capacity for the storage of records, and other supplies. The property would meet their needs for the foreseeable future.

The building was located on a good-sized block in an area Rick could see would be in high demand and likely see increasing density. It could be sold to a developer in future for a premium in the next 5-10 years.

All of Rick and Jenny’s resources have been invested in growing their business. Initially they sacrificed everything to get it off the ground. Given the potential for significant capital growth and the given that they really haven’t done much in the way of planning for their super, they saw this as a good opportunity to look to their own futures.

Rather than set up another family trust and given that this site was for offices and had development potential, they would really like to look to put the property into a SMSF. It provides an asset protection structure, the income from the property is not dependent upon the business as it can always be leased to someone else. Plus, there is the growth projections and potential development opportunities.

Their accountant runs some projections and forecasts and the SMSF makes sense. The leasing income will be taxed at the lower super fund rates of 15%. Rather than leasing premises from someone else, the business is effectively helping them to invest in their own future.

The proposed SMSF structure is as follows:

Rick and Jenny
Directors & Shareholders
Ricks & Jenny SMSF Pty Ltd
Trustee for
The Wheels SMSF
Members: Rick & Jenny
Superannuation fund Acquired business administration premises

Appendix G: Case study 7
SMSF Administration Services & Compliance Advice
'Investment Strategies'

Chartered Accountants	5 Partners & 35 staff Office located in West Perth Mixture of Small Business, family-owned enterprises and HNW clients Specialist SMSF division: 450 SMSF clients No AFSL (Referral arrangement with Advice Firm)
Client structures in this case study	SMSF Trustees (Individuals or special purpose corporate trustee) Typically: Dad and Mum (Sometimes adult children) Existing business or HNW clients of the firm
Investment Strategy Considerations	Is a compliance document required under SISA s.52B(f) and SISR 4.09. Is auditable. Non-compliance may result in a qualified audit report; auditor contravention report lodged with the ATO (Regulator). An SOA does not meet the requirements of an investment strategy for SIS purposes. Advisers will not provide advice solely to assist with the formulation of an investment strategy for SIS compliance.
Advice considerations	SIS compliance advice is legal advice or tax agent advice Assisting trustees meeting their compliance obligations Is not advice intended to influence a person's decision to acquire or dispose of a financial product
Financial product advice for clients	Referral to licensed adviser: specific investment advice, investment products, investment switching and allocations
Prohibitive issues for CA practice	***Cannot assist clients to prepare an SMSF investment strategy without AFSL*** ASIC costs of limited AFSL FASEA CPD costs (extra 200 hours CPD + sunk time cost) Risk of accidental non-compliance Compliance time costs of limited AFSL purely for super Merely providing clients with a sample or template document carries risk for both the firm and the client.

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Appendix G: Case study 7
SMSF Administration Services & Compliance Advice
'Investment Strategies'

Advice on compliance with the *Superannuation Industry (Supervision) Act 1993* ("SISA") and *Superannuation Industry (Supervision) Regulations 1994* ("SISR") constitutes legal advice.

However, a carve out applies for registered tax agents under the *Tax Agents Services Act 2009* ("TASA"). Pursuant to section 90-5 of TASA, only registered tax agents can provide or charge for 'tax services' which is any service that relates to:

(i) ascertaining liabilities, obligations or entitlements arising under a taxation law
(ii) advising an entity about liabilities, obligations or entitlements arising under a taxation law
(iii) representing an entity in their dealings with the Commissioner

A 'taxation law' is defined in *Income Tax Assessment Act 1997* (Cth) ('ITAA 1997') to mean:

(i) **an Act of which the Commissioner has the general administration** (including a part of an Act to the extent to which the Commissioner has the general administration of the Act); or
(ii) legislative instruments made under such an Act (including such a part of an Act); or
(iii) the *Tax Agent Services Act 2009* or regulations made under that Act.

The Australian Taxation Office is the regulator for the SMSF sector, with specific regulatory powers provisioned for in the SISA.

Sec 766(5)(b) of the *Corporations Act* says that advice given by a registered tax agent (within the meaning of the TASA) that is given in the ordinary course of activities as an agent is reasonably regarded as necessary part of those activities.

SISA s.52B(2) prescribes the covenants that apply to SMSF trustees. This includes the requirement under SISA s.52B(2)(f):

(f) to formulate, review regularly and give effect to an investment strategy that has regard to the whole of the circumstances of the fund including, but not limited to, the following:

i. the risk involved in making, holding and realising, and the likely return from, the fund's investments, having regard to its objectives and its expected cash flow requirements;
ii. the composition of the fund's investments as a whole including the extent to which the investments are diverse or involve the fund in being exposed to risks from inadequate diversification;
iii. the liquidity of the fund's investments, having regard to its expected cash flow requirements;
iv. the ability of the fund to discharge its existing and prospective liabilities;

Through SISA s.31(1), SISR 4.09 on investment strategies is included as an operating standard.

Investment strategies are an important compliance document. The trustees must document and regularly review the investment strategy to evidence the discharging of their duties under the SISA and SISR.

The investment strategy is an auditable document. Non-compliance can result in a qualified auditors report and may also result in an auditor contravention report being lodged with the ATO as regulator. Many trustees therefore seek assistance and guidance on preparing and documenting a valid and compliant investment strategy.

A statement of advice ("SOA") prepared by a financial adviser does not meet the requirements of an investment strategy under SISA/SISR. An SOA is a document prepared for a different purpose, including advice on the acquisition or disposal of specific investments and products. It is challenging for clients to put in place or to update an investment strategy where advice has not been given by the financial adviser at that time.

Whilst accountants are permitted to provide broad asset allocation advice under *Corporations Regulations 2001* regulation 7.1.33A, its use and application are strictly limited. It does not provide sufficient authority for an accountant to assist a client meet their compliance obligations on the preparation of a SISA/SISR compliant investment strategy.

Reg 7.1.29 of the *Corporations Regulations* also does not provide sufficient coverage to an accountant to assist a client.

Compliance advice provided to assist a client, who is the trustee or director of a corporate trustee of an SMSF, is not intended to influence a person's decision to acquire or dispose of a financial product.

Indeed, this is an area where clients turn to their accountants or SMSF administrator for assistance and advice and expect to receive professional advice and support.

Since the change in the licensing requirements for accountants in 2016, we have seen a surge in the use of templated and 'sample' investment strategies. These are not compliant and are not a useful tool to help trustees meet their obligations. Accountants need the ability to have proper, informed conversations with clients to help them meet their obligations and prepare a document that is meaningful and better engages the client with their fund.