

THE TRUSTEE

The publication that keeps you informed and in control.



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WELCOME TO THE LATEST EDITION OF

The Trustee

We're back for what promises to be another exciting year. Two months have already disappeared, and we're rapidly approaching the end of financial year rush once again.

Life moves fast, and as the year settles into its usual rhythm, it's worth pausing to ask yourself:

DID YOU TAKE STOCK OF WHAT TRULY MATTERS TO YOU?

What did your reflections reveal?

It's easy to dismiss this kind of exercise as self indulgent, but it can profoundly influence your outlook on life. It provides the markers by which you can measure progress — whether your definition of success is financial, spiritual, intellectual, physical, or a blend of all of these.

When it comes to your financial goals, the good news is that there are ways to measure success objectively. If you haven't reviewed your goals yet, we encourage you to make time for it. We can help facilitate that discussion or work with your trusted financial adviser to ensure your strategy reflects what's most important to you.





NAVIGATING THE CURRENT ENVIRONMENT

With your goals in place, the question becomes:

How do you navigate the economic environment we all find ourselves in today?

In recent weeks, we've seen a particularly dynamic and unpredictable global landscape — share markets swinging sharply from day to day, property prices reaching new heights, and inflation that remains stubbornly difficult to contain. This turbulence can either create or erode wealth, depending on the decisions you make.

For many of you, this is not the first time you've experienced heightened volatility. History tells us that while these periods can feel uncomfortable, optimism and stability tend to prevail over the long term. Equilibrium is a powerful force — in nature and in human behaviour.

So how do we chart a course through the present?

By stepping back from the noise and remembering that humans are problem-solvers. Challenges drive creativity. Innovators create opportunity. They create employment, industries, suppliers, customers — and new places to invest.



HAVE QUESTIONS OR NEED ASSISTANCE?

We're here to help! If you have any questions or need assistance.

Call: **08 9367 9655**

Email: **info@supervision.com.au**

This leads us to the critical question:

What problems need solving right now, and which solutions will people be willing to pay for?

Understanding this can help guide where your capital should be deployed with confidence.



ENSURING YOUR SMSF IS POSITIONED FOR OPPORTUNITY

...confident that your SMSF is positioned to capture opportunities while managing downside risk.

If you're unsure whether your fund's investment strategy remains appropriate — or if your personal goals have shifted — now is the perfect time to review your position.

We're here to help ensure your investment approach, risk settings, and long term retirement objectives remain aligned. Markets will continue to move, but your strategy should reflect your goals, not the headlines.

If you would like to revisit your investment strategy or discuss opportunities emerging in the current environment, please reach out. We are always here to support your decision making and keep your SMSF on track.

CHRISTOPHER HOMER

Director



FEATURE ARTICLE

IMPACT OF PAYDAY SUPER FOR YOUR SMSF



THE NEW SUPER PAYMENT RULES FROM 2026

What is Payday Super?

Payday Super is a major reform commencing 1 July 2026, requiring all employers to pay Superannuation Guarantee (SG) contributions at the same time as wages, rather than quarterly. Super funds must receive these contributions within seven business days of payday.

For SMSFs, this is not simply an employer issue — it changes how frequently your fund receives contributions and how quickly you must process them.

Why should you be excited about Payday Super?

Payday Super is designed to:

1. Boost member balances through earlier compounding

More frequent contributions mean your super money is invested sooner, increasing time in the market and compounding benefits. The government introduced the reform to reduce unpaid super and improve long-term retirement outcomes.

2. Improve transparency and reduce unpaid super

Because contributions must be received within seven days, employers cannot delay payments for a quarter. This significantly cuts the risk of unpaid or overdue super.

3. Provide more Up To Date cash flow into your SMSF

Instead of three or four large contributions annually, SMSFs may receive money weekly, fortnightly or monthly, depending on payroll frequency. This opens new opportunities for investment optimisation.



What are the implications for you?

1. More frequent contributions – more frequent administration

Supervision's accounting and administration services are ready for these changes. Our accounting software reconciles contributions daily and maintains records more regularly. Supervision Trustees has a system that handles:

- Ongoing data matching
- ESA codes for Super Stream compliance
- More frequent bank reconciliation
- SuperStream compliance and error handling

2. Stricter timing rules & tougher penalties for employers

Contributions must arrive within seven business days, not just be paid.

Delays—even banking delays—can trigger:

- The Super Guarantee Charge (SGC), which is not tax-deductible
- Additional penalties for noncompliance

3. New operational requirements

- The ATO Small Business Super Clearing House (SBSCH) closes on 1 July 2026. Trustees relying on it must switch to commercial clearing houses or direct payments.
- SMSFs must have an active ESA and SuperStream ready systems, as these will experience updated messaging and error protocols. (see the article about ESA codes)

4. Investment strategy responsiveness becomes more important

Because cash flows arrive more frequently, trustees need to think about:

- Allocation timing
- Maintaining liquidity
- Ensuring contributions are invested promptly to maximise growth

What impact could Payday Super have on your investment behaviour?

1. Moving from static to dynamic investment allocation

Instead of investing lump sums quarterly, SMSFs may see:

- Dollar cost averaging opportunities (more consistent market entry)
- More regular rebalancing
- Reduced cash drag inside the fund (less money sitting idle)

2. The need for improved liquidity management

If your SMSF invests in illiquid assets (e.g., property), you may need to:

- Adjust cash buffers
- Implement more structured contribution to investment workflows

3. More frequent oversight

With more transactions, trustees may need:

- Monthly investment reviews
- Automated processes to quickly invest incoming contributions

Does Payday Super mean SMSFs need a more hands on approach?

In most cases—yes, but not necessarily manual.

The increase in contribution frequency naturally requires more:

- Monitoring
- Reconciliation
- Timely investment actions

However, this doesn't mean trustees must spend more time themselves. Instead, the smartest SMSFs will automate as much as possible and adopt a more responsive, rulesbased investment process.

Think of it as moving from “setandforget quarterly” to “systemised monthly optimisation”.

Want help turning Payday Super into a strategic advantage?

If you'd like, we can assist you to create a plan to:

- Update your SMSF Investment Strategy
- Map out a contributiontoinvestment workflow
- Create a simple “Payday Super Advantage Plan” specifically for you.



We can help you prepare your SMSF for the new rules and ensure everything is set up for a smooth transition.

[BOOK A MEETING](#)

2026

SUPERVISION'S ESA: SMSFDATAFLOW

SUPERSTREAM AND YOUR SMSF

Supervision provides all SMSF clients with an **Electronic Service Address (ESA)** called **smsfdataflow**.

If our team has asked you to update your employer with your ESA details, please ensure they have the following information recorded correctly:

- ESA: smsfdataflow
- Fund ABN, bank account and member details: Make sure these are up to date in your employer's payroll system.

This is essential because, under the new Payday Super rules starting 1 July 2026, employers must send super contributions via SuperStream, and contributions can be rejected if the ESA is missing or incorrect.

SMSFs must have an active ESA to receive contributions and to avoid failed payments or timing breaches.

If you need help confirming your ESA, updating employer information, or checking that your fund is SuperStreamready, just let me know — I can help you prepare everything you need.

Contact us on 08 9367 9655 or email info@supervision.com.au

WHY WE MAY ASK FOR MORE INFORMATION

Understanding the New AML/CTF Rules



New rules to tackle money laundering and terrorism will impact you and Supervision Group.

The new AML/CTF Rules introduce several key updates to existing rules:

- Stronger customer due diligence (KYC) requirements before services can be provided.
- Enhanced governance and risk assessment obligations for all reporting entities.
- Aligning Australia with international standards, and close long-standing regulatory gaps.

1. What Information and Documents Will You Need to Provide?

The new rules require you to provide more comprehensive documentation before certain services can be delivered.

Stronger AML/CTF rules mean stronger client verification. While this may involve additional documentation, it helps ensure services are delivered securely and in line with AUSTRAC requirements.

— Supervision Group

This may include:

- **Identification (KYC)**

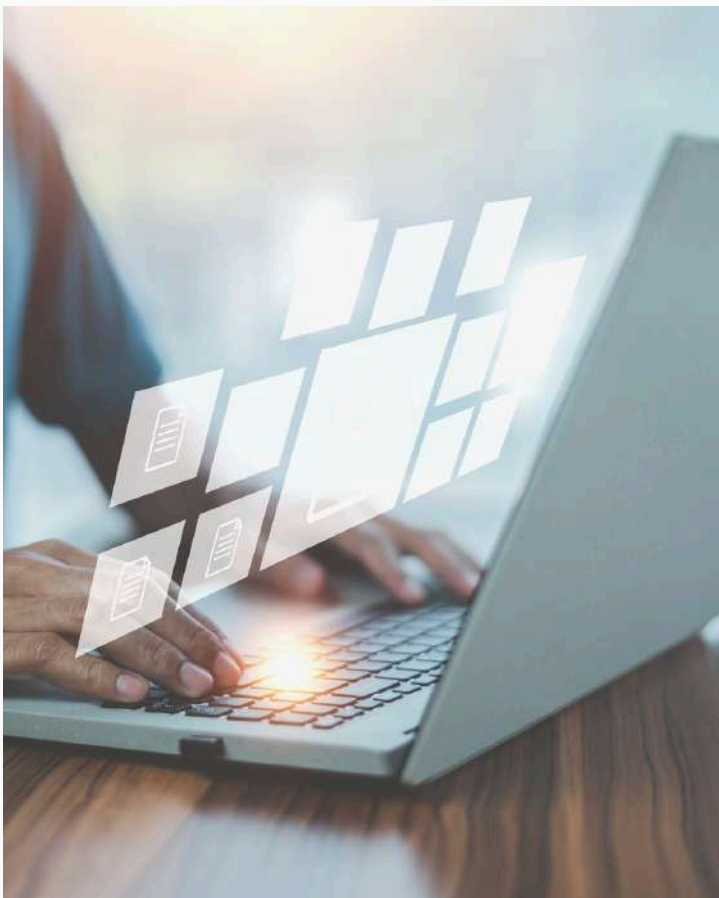
You will need to provide verified identity information. Depending on the service, this can include:

- Driver's licence or passport (individual clients).
- ASIC company extracts (for companies).
- Details of beneficial owners, meaning the individuals who ultimately own or control the entity.

These requirements follow AUSTRAC's strengthened CDD (Customer Due Diligence) rules.

- **Source of Funds / Source of Wealth Information**

AUSTRAC expects reporting entities to understand where money is coming from and whether the transaction makes sense in the context of the client's profile.



This falls under new risk-based obligations.

- Updated client declarations
- You may be asked to sign updated forms confirming:
 - The accuracy of your information
 - Your beneficial ownership
 - Details about the purpose of the engagement
- These documentation requirements apply before the service can be provided.



2. What Types of Clients and Services Are Affected?

The AML/CTF changes affect any client who uses services now considered “designated services,” including:

- SMSF trustees
- Company directors and shareholders
- Trust clients
- Clients using registered office services
- Clients using entity setup or administration services
- Clients receiving accounting, legal, or corporate structuring assistance

AUSTRAC has clarified that if a business is assisting a client in establishing, executing, or carrying out a transaction (such as setting up a company, transferring assets, or opening accounts), AML/CTF obligations apply.

3. Registered Office Services — What You Need to Know

Where Supervision is your SMSF registered office:

You will need to provide full KYC documentation for the company, its directors, and its beneficial owners, if you haven’t provided it before.

Supervision must be able to demonstrate that they understand the structure and control of your entity.

Additional checks may apply if your structure is considered higher risk under AUSTRAC’s rules.

This is because registered office services fall within the scope of “assisting” in the administration of a company, which can create AML/CTF reporting obligations.



4. Opening Accounts or Establishing Entities

If you request assistance with opening SMSF bank accounts, trading accounts, or setting up companies or trusts:

You will be required to provide identity documents and structural information first, before any assistance can be provided. Beneficial ownership must be fully disclosed and verified.

The information must be kept up to date throughout the engagement.

These tasks fall under AUSTRAC's broadened Tranche 2 coverage.

5. What "Being Registered with AUSTRAC" Means for You

Businesses registered with AUSTRAC must follow strict AML/CTF programs that include:

- Detailed risk assessments
- Ongoing customer due diligence
- Suspicious matter reporting obligations
- Maintaining verified client files

AUSTRAC requires reporting entities to align their processes with the new 2026 rules, ensuring they collect the right information from clients and continuously assess risk.

From your perspective, this means you may see:

- More questions during onboarding



- More frequent requests to update your information
- Occasional follow-up when something requires clarification
- These are normal requirements under the updated rules.

6. Everyday AML/CTF Tasks That Affect You

AML/CTF compliance isn't just a once-off onboarding requirement. Under the new regime, service providers must perform certain tasks daily or as part of ongoing workflows. This means you may occasionally be asked to provide:

- Updated ID documents (if expired)
- Updated beneficial owner information
- Additional documents if your risk profile changes
- Responses to clarifying questions about unusual or complex transactions

These expectations are built into AUSTRAC's emphasis on ongoing due diligence and daily risk assessment.



7. Summary

WHAT YOU NEED TO DO AS A CLIENT

You should be prepared to:

- Provide more detailed identity and structural documentation
- Disclose beneficial ownership
- Provide source-of-funds information when asked
- Cooperate with ongoing monitoring requirements
- Update your documents when anything changes (address, directorship, shareholding, trust deed amendments etc.)

These steps are required by the new AML/CTF 2025 Rules and AUSTRAC guidance.

They ensure that Supervision can continue delivering services legally and efficiently.

Quick Facts

- Superannuation Guarantee (SG) = 12%
- Government co-contribution table, see below receive \$500 for free if:

Financial year	Matching rate	Maximum entitlement	Lower income threshold	Higher income threshold
2025–26	50%	\$500	\$47,488	\$62,488
2024-25	50%	\$500	\$45,400	\$60,400

- Concessional Contribution Limit for 2025–26 = \$30,000
- Carry-forward concessional contributions = Member balance < \$500,000 Can carry forward unused amounts from 1 July 2020, for up to five years.
- Non-concessional (after-tax) contribution caps = \$120K
- Non Concessional Bring-forward Amount = \$360K

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Division 296 Tax – Legislated with Regulations to come

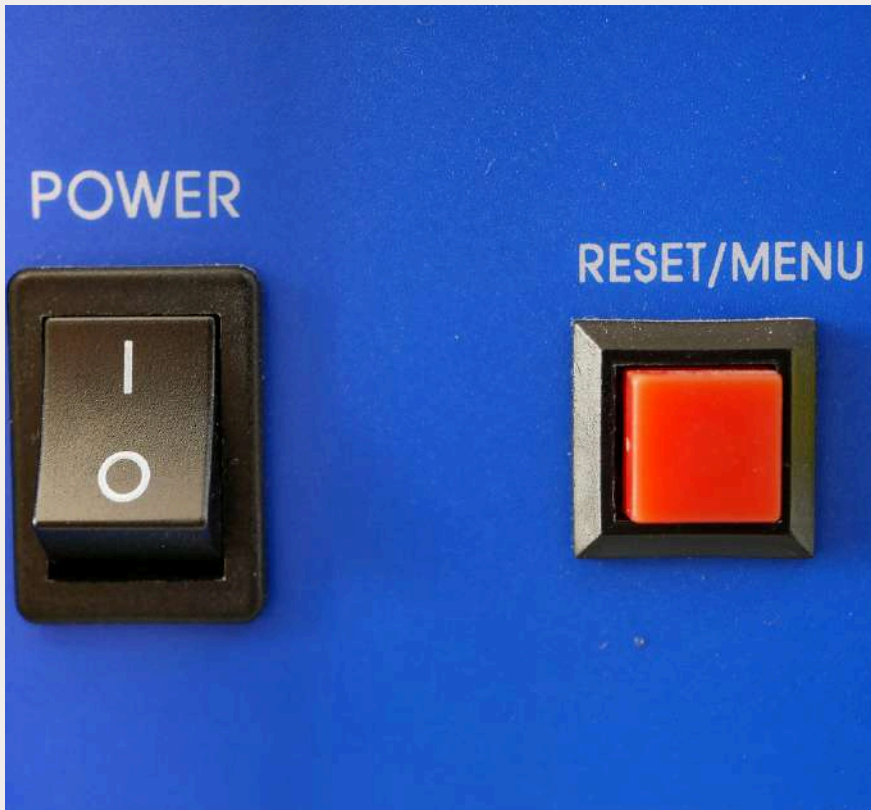
Update

Division 296 tax has been passed into legislation. Despite this tax being determined by your Superannuation member balance and the amount your Superannuation makes, this is a new personal tax, not a Super tax. You are eligible to pay this tax if your Super member balance is over \$3Mill and \$10Mill. This revised Div 296 is not based on unrealised gains but realised income and gains (earnings) inside of an SMSF during a financial year.

Basics

The formula of the tax.

15% X Proportion of the Member's Super over \$3M X Earnings
Plus 10% X Proportion of the Member's Super over \$10M x Earnings



Div 296 Cost Base Reset

The legislation provides an opportunity for all SMSF members, not just ones with over \$3 Mill to reset their cost bases on the 30th of June 2026. The reset must be on all assets of the SMSF, there is no choice provided on which assets can be selected.

This reset only applies to Div 296 calculations and does not provide an opportunity to reset cost bases for regular SMSF tax purposes. In effect, if you choose to reset your cost base under this provision, you will have Two (2) cost bases; one for your regular SMSF income calculations and one for Div 296 Calculations.

For most SMSF's with large balances with long held assets (with large, unrealised capital gains), resetting cost bases to 30th of June 2026 levels will provide Div 296 tax relief. In this case, creating a Div 296 cost base reset will be advantageous.

If you decide to reset, any assets in loss scenario's will lock in lower cost bases for Div 296 Calculations, increasing Div 296 tax if the assets recover and are subsequently sold.

Because you can either reset all cost bases (for Div 296 purposes) or none, decisions will need to be made on a portfolio wide basis.

The good news is that we have all your portfolio information and will be able to provide support in this decision-making process.

Div 296 Capital Losses

If a fund's Division 296 fund earnings calculation is negative, it is taken to be NIL for Division 296 purposes and there is no Division 296 "loss" to carry forward.

Ordinary net capital losses can still be carried forward under the normal tax law. This is not a Division 296 carry-forward; it's the ordinary carry-forward mechanism of the fund tax that indirectly affects a later year's Division 296 tax liability.

Two Member SMSF – One Div 296 Member

What happens when one member has a Div 296 liability and the other member does not? An actuarial certificate will be required to determine the amount of income is attributed to the member. So, if one member has a Div 296 liability, the certificate will work out his portion of the SMSF's earnings. Only that one members earnings will be subject to the tax.

So, what now?

At the time of writing, we are still awaiting the regulations for this legislation. Regulations detail all the intricacies of the legislation, so there are some further details to follow.



Time Pressure?

If you want to avoid Div 296 tax by withdrawing money out of Superannuation, you have until 30th of June 2027. Depending on your personal circumstances, this decision could result in higher tax bills not less, so rushing to this conclusion is dangerous. We recommend spending time with Supervision and your financial adviser, to discuss the implications.

The only pressing matter is to start thinking about the implications of a Div 296 Cost Base Reset. Planning valuations on tricky assets (commercial property or other unlisted assets) should be part of this decision-making process.

If you are concerned about this taxation and complexity, please reach out to the Supervision Team.

JUST THE FACTS WITH SHISH

Hi Everyone,



Hi, it's Shish again. As part of my role, I review SMSF returns each year, examining financial statements and compliance matters across all our client funds. I hope you enjoy the insights I share.

At Supervision, we aim to make your SMSF compliance and tax return obligations a simple and seamless part of your SMSF experience. Our team is committed to delivering the highest standard of service so you can focus on what matters most—developing and executing a strong investment strategy.

TOP 10 SUPERSTREAM ROLLOVER FAQs

1. What is a SuperStream rollover and why does it matter?

A SuperStream rollover is the ATO-mandated electronic method of transferring super between funds. It ensures transfers are faster, more accurate, and more secure.

2. What details must my SMSF have before a rollover can be processed?

Your SMSF must have: ABN, an ESA that supports rollovers, SMSF bank account recorded with the ATO, and member details (name, TFN, DOB) that match ATO records.

3. How long does a SuperStream rollover take?

Once all details match, rollovers must be completed within 3 business days.

4. Why was my rollover request rejected?

Common reasons include incorrect member details, inactive ESA, missing bank account details, or ID verification not completed.

5. What happens if my rollover isn't done through SuperStream?

If a rollover is done manually instead of using SuperStream, the auditor may treat it as a compliance breach. This can lead to the auditor reporting it to the ATO, extra audit questions, and possible ATO follow-up.

6. How does SuperStream link the payment to the rollover request?

SuperStream uses a unique Payment Reference Number (PRN) to match the data message with the EFT payment, ensuring correct processing.

7. Is the payment automatically transferred once I initiate a rollover in Class or my software?

No. The trustee must manually make the EFT payment using the PRN provided.

8. Do I need to sign a rollover benefit statement when using SuperStream?

No. A benefit statement is not required unless the auditor specifically requests it.

9. What if my rollover amount is higher than my bank's daily transfer limit?

Trustees may need to request a temporary increase to their daily bank limit or process multiple smaller payments.

10. The rollover shows "Waiting for confirmation from receiving fund." What should I tell my client?

Ask the client to contact the receiving fund and provide the Conversation ID for tracking.

EDITORIAL

BLACK SWANS, BIAS, AND BETTER INVESTMENT DECISION MAKING

TRANSFORMATIVE

IN FOCUS

MAKING BETTER DECISIONS IN AN UNCERTAIN WORLD



It's not uncertainty that drives poor decisions—it's how we react to it.

This week I discovered an interesting television program that I'd like to share with you: Black Swans, available on the ABC (and currently on YouTube). The premise is simple but powerful — most predictions about the future, even from highly intelligent and wellinformed people, often miss the mark. Not because the experts are careless, but because they're missing key pieces of information that haven't yet emerged.

These unforeseen events — “Black Swans” — reshape history in ways that no model, no forecast, and no spreadsheet could ever have anticipated.



WHY DOES THIS MATTER TO YOU AS AN SMSF TRUSTEE?

As the trustee of your SMSF, you're expected to make investment decisions based on your current knowledge, skills, and your best view of the future. But two things can work against even the most rational person:

1. Black Swan events

These are the unexpected shocks that no one saw coming, but that drastically alter outcomes.

2. Recency bias

A very human, very common investment bias.

In periods of uncertainty or volatility, people latch onto recent events and assume the trend will continue — even when the broader environment is clearly shifting.

When these two forces collide, they can have significant negative impacts on investment decisions, leading to strategies based more on emotion or assumptions than on facts and longterm principles.

So what can you do about it?

You can't control Black Swans. And you can't eliminate human bias entirely. But what you can do is strengthen your decisionmaking framework.

Filter out the noise

Focus on relevant information, not headlines.

Seek the full picture

Look beyond short time frames. Markets rarely move in straight lines, and shortterm results often mask longerterm trends.

Make decisions anchored in your strategy, not the moment

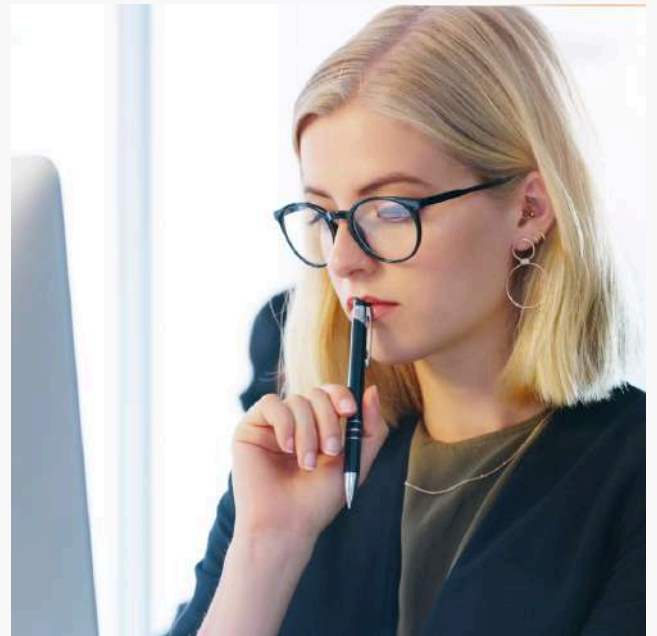
Your SMSF's investment strategy exists for exactly this reason — to guide decisions during uncertainty.

Regularly check that your strategy reflects your goals

Your goals are the constant. The world is the variable.

Bringing It All Together

The message here is not to fear unpredictability — it's to respect it.



When you accept that the future can (and will) surprise us, you can build a more resilient approach to investing.

By grounding decisions in longterm objectives, understanding your biases, and keeping perspective during volatile periods, you give your SMSF the best chance of navigating uncertainty successfully.

If you'd like support reviewing your SMSF's investment strategy or ensuring your decisionmaking framework is robust in the face of Black Swans and bias, we're here to help.

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Reach out anytime

Get in touch via the desired contact method below:



SCHEDULE A CALL

We'd love to connect!
Send us an email to request a convenient time to answer your inquiry.



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