

GLOSSARY OF SUPERANNUATION TERMS

Term	Meaning
Accumulation Phase	Growth phase where contributions and earnings accrue, taxed at 15% on earnings
BDBN	Binding Death Benefit Nomination: a binding, usually non-lapsing, Death Benefit Nomination direction given to a super fund trustee as to how and who receives a Member's lump sum benefit after they die
Business Real Property (BRP)	Land used wholly and exclusively for business which is eligible for concessional treatment for SMSF acquisitions
Concessional Cap	Pre-tax contribution limit (\$30,000 for FY26). Includes SG and Salary Sacrifice
Conditions of Release	Events allowing access to benefits (e.g., retirement, reaching age 65, death, terminal illness)
Death Benefit Nomination	Directive binding trustees to pay death benefits to specified nominees. Can be: (a) binding (e.g., BDBN); or (b) non-binding, and, (c) lapsing; or (d) non-lapsing
Div 296 Tax	The proposed tax on earnings for balances >\$3m (keep a watching brief on legislation). The legislation is not yet law but is proposed to commence from 1 July 2026, with the first assessments based on the 2026–27 financial year
In-House Assets	Investments in related parties, capped at 5% of fund assets
In Specie Contribution / Transfer	Non-cash asset transfer (e.g., real property) into/out of fund, valued at market rate
Investment Strategy	Documented plan outlining risk, diversification, and liquidity prepared by a licensed financial adviser and which must be reviewed annually
Limited Recourse Borrowing Arrangement (LRBA)	Borrowing for asset acquisition with lender / financier recourse limited to the asset (which must involve a bare trust custodian arrangement)
Members	Individuals entitled to benefits. In SMSFs, they must also be trustees (or directors of the corporate trustee)

NALI/NALE	Non-Arm's Length Income / Non-Arm's Length Expenses. A Section 295-550 tax trap taxing income at 45% if income or expenses are not at market rates
Non-Concessional Cap	After-tax contribution limit (\$120,000 per annum or \$360,000 via "bring-forward" rule)
Pension Phase	Retirement phase where benefits are drawn as income streams. Tax-free earnings if under \$1.9 million transfer balance cap
Preservation Age:	The age at which a Member can access super (currently 60 if born after 30 June 1964 but can be a little earlier for those born before 1964)
Reversionary Pension	An income stream that automatically continues to a nominated beneficiary (usually a spouse) upon the Member's death
SIS Dependents	Those persons entitled to receive a Member's super benefit (spouse, children of any age, dependents, financial dependents) as well as the Member's LPR
SISA / SISR	Superannuation Industry (Supervision) Act 1993 and Regulations 1994
SMSF	"Self-Managed Superannuation Fund", one of the four main types of superannuation fund in use today
Sole Purpose Test	Fund must be maintained solely for retirement benefits – this is a core compliance rule
Tax Dependents	"Death Benefit Dependents" (under ITAA 97) which is used to determine whether a Member's SIS dependent will be taxed on a death benefit (narrower definition than a SIS Dependents – the biggest difference being children must be under 18 to enjoy tax free)
Total Superannuation Balance (TSB)	The total value of a Member's super interests; dictates eligibility for non-concessional contributions and catch-up concessional contributions
Transfer Balance Cap (TBC):	The lifetime limit on the total amount of superannuation that can be transferred into the tax-free "retirement phase" (this is indexed and currently \$1.9 million)
Trustees	Legal owners managing the fund with fiduciary duties under SIS Act