“SELF-MANAGED SUPERANNUATION FUND (SMSF)”

WHO IS IN CONTROL OF YOUR SUPER?

Self-managed super funds (SMSF’s) have become increasingly popular over the last few years as people look to take control of their retirement nest egg in the wake of the global financial crisis.

WHAT IS A SMSF?

A self-managed superannuation fund - sometimes referred to as a DIY Fund - is a trust established by the execution of a trust deed with the sole purpose of providing retirement benefits for its members.

An SMSF has the following features:

- 1 to 4 members, with each member being a trustee of the fund
- No member of the fund is an employee of another member of the fund, unless they are related
- Trustees must receive no remuneration for their services as trustees
- SMSF ‘s can receive contributions from all sources including your employer, the Government and voluntary individual contributions
- A trust deed that outlines the rules of the fund

BENEFITS OF A SMSF

SMSF’s can provide a number of benefits that traditional retail superannuation funds are unable to offer. Common reasons for establishing an SMSF include:

- Greater Control/ Flexibility - you choose how funds are invested and managed
- Strategic planning opportunities - ability to purchase business property
- Concessional taxed - SMSF’s pay tax at 15% (some capital gains at 10%)
- Greater investment choice
- Transparency
- Direct property investment
- Asset Protection
- Family Fund (pool resources)
- Cost Advantages - greater than say $250,000

SMSF STRUCTURE

- An SMSF can be established with either individual or
- corporate trustees. The table below outlines the benefits of each:

Trustee Company	Individual as trustee
Cost Need to establish a company (minimal extra cost)	**Cost** No extra cost
Membership - 1 to 4 members Can be a sole director/member or add new directors/members	**Membership -** 2 to 4 members Minimum two trustees - will need a replacement trustee should a trustee/member leave the fund
Administration No need to change investments records when member leaves the fund	**Administration** Each time a member/trustee changes investment records must be updated

TRUSTEE(S) OBLIGATIONS

Trustees are ultimately responsible for the operation of the fund. Each member of the fund is a trustee or director of the trustee company and as such is legally responsible for the affairs of the fund. A trustee of an SMSF must amongst other things ensure that:

- The provisions of the Superannuation Industry (Supervision) Act (SIS Act) are complied with;
- Assets of the fund are kept separate from other personal assets
- Act honestly in all matters
- Keep and prepare accurate accounting & administrative records
- Lodge a fund income tax and regulatory return
- Have the fund audited annually
- Develop and implement an investment strategy
- Don't lend money to members or relatives
- Don't buy assets from related parties (exceptions exist)
- Sign a declaration stating that they understand their responsibilities

FOR MORE INFORMATION

Visit the ATO website: https://www.ato.gov.au/

Or phone 13 28 66 from Monday-Friday 8:00am-6:00pm

Or Contact Sheridan Partners on 1300 896 574