SELF MANAGED SUPERANNUATION

A self managed superannuation fund ('SMSF') lets you take control of your retirement savings. Many people find this an enjoyable and cost-effective way of planning for their retirement. They also enjoy ensuring that their super planning complements all their other financial planning.

TRUSTEES AND MEMBERS

A trustee of a super fund is a person who manages the assets of that fund on behalf of the members. In an SMSF, the members of the fund are also the trustees. Most SMSFs are run by people from the same family.

An SMSF can have between one and four members. They can either be trustees in their own right (if there are two or more members) or directors of a company which acts as a trustee. Either way, the critical element is that the members of the fund control the fund.

Trustees can outsource some or all of the work of managing the fund – but many like to be truly hands on!

REGULATION

SMSFs are regulated by the Australian Tax Office ('ATO'). An SMSF must be audited each year, and must keep adequate records to allow the auditor and the tax office to calculate member benefits and tax liabilities.

HOW MUCH DO I NEED TO START A FUND?

This will depend on how you intend to run the fund. Many people use the total benefit figure of $200,000 as a guide, but it is also possible to start a fund with less than that. For example, if you would like to borrow to buy an asset such as property, then you might simply need enough to pay for the deposit within super.

HOW DO I START MY OWN SUPER FUND?

The best way to start a new SMSF is to see a financial adviser. The adviser can help you decide whether an SMSF makes sense in your situation, and can assist you to get all the legal arrangements in place. Once the fund is up and running, an adviser can help you with all aspects of the fund, from the fund's administration to managing its investments.

HOW POPULAR ARE SMSFs?

More than 1 million Australians use an SMSF, and the average balance of assets within an SMSF is more than $1 million (source: APRA). Together, SMSFs hold almost 30% of the superannuation assets of all Australians.

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The contents of this fact sheet constitute general advice only. You should not act on these contents without first seeking personal advice. To arrange personal advice, please contact us and we will be more than happy to help you out.

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