



**EMPIRE SMSF ADVISERS**  
Superannuation & Investment Specialists

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## Control your own destiny with a Self Managed Super Fund

It is ultimately up to you to choose the path you take in life, you have the ultimate say in the decisions that affect your day-to-day life. So why do the majority of Australians leave control of their future retirement savings in the hands of a board of trustees that knows nothing about them? With Self Managed Super you are the trustee of your own Family Superfund and have the final say on what happens with your money.



**Take the steps now  
to take control of  
your retirement  
savings**

For many Australians, super is one of the biggest investments, if not the biggest investment, they will ever have. That's why most people keep their super money in professionally managed super funds.

However, some people want the hands-on control that comes with a self-managed super fund (SMSF).

Like other superannuation (super) funds, self-managed super funds are a way of saving for your retirement. The difference between an SMSF and other types of funds is, generally, that members of an SMSF are the trustees. This means the members of the SMSF run it for their own benefit.

Being the trustee of the funds allows you to make the crucial decisions to ensure your interests are looked after. Trustees of SMSF's are the ones who are ultimately responsible for the running of their fund. It is imperative that each trustee understands the duties, responsibilities and obligations of being a trustee.

# What are the advantages and benefits of a SMSF?

## Greater investment freedom and choice

As long as the funds investment strategy allows for it, the fund can invest in any asset for the purpose of the retirement of the members. This includes direct equities, residential & commercial properties, managed funds, artwork, collectables and gold, just to name a few.

## People feel their money is safer being invested by them as trustees

When you are truly in control you take greater steps to understand what is happening with your money and that provides peace of mind to many trustees.

## You can actively participate in the management of the fund

By being hands on you can ensure that the fund is being run to meet your needs.

## The ability to pool your resources

In an SMSF you have the ability to start a fund with up to 4 members with similar financial objectives, such as family members and close friends.

## Tax Control

Through strategic investment planning (such as maximising franking credits) or internal structuring, tax can be significantly reduced (and in some cases, totally eliminated with refunds paid from the ATO), particularly for those in retirement. There is also great flexibility in terms of dealing with the tax liabilities of the fund, as the fund only does one tax return even though there can be up to 4 different members in the fund. There is even a strategy that exists whereby other current and future members can benefit from huge tax deductions for future years on the death of a member.

## Estate Planning

Not so well known are the excellent estate planning benefits inherent in SMSFs, and the fact that your Will does not necessarily control your superannuation benefits. The key here is that you can craft a strategy to accomplish exactly what you are after, with exceptional tax efficiency. This includes being able to leave tax advantaged (sometimes tax free) income streams to dependant beneficiaries with control around when they receive a lump sum, and to effectively look after child beneficiaries in a way that no other structure can match. When you start to understand some of the powerful strategies that can be employed in a SMSF, especially from an estate planning perspective, it is easy to see why a SMSF starts to become viewed as a tax advantaged intergenerational wealth vehicle.

## Borrowing

A few years ago new rules were introduced which allowed superannuation funds to borrow money under a particular type of arrangement. These new rules can be fully utilised by SMSFs, however they have limited application in large commercial super funds. This ties in with the "investment choice" benefit mentioned above, whereby this now makes it much easier for trustees to acquire direct property in their SMSF as property is usually a big ticket item, and generally requires an element of borrowing.



## Cost

For many people (but not all, and depending on your account balance), the cost of running a SMSF can be significantly lower than that of an alternative retail, industry or other commercial super fund. The main cost for a SMSF is the completion of the annual administration requirements of the fund. These charges are based on a flat fee, we charge around \$1,600 to \$2000 pa. Commercial super funds on the other hand tend to charge as a % of your fund balance, with a range of around 1% to 2% pa depending on the fund and underlying fund managers used. So if you've got a flat cost of around \$2,000 pa for your SMSF, then the more money your SMSF has, the lower the % cost will be. For example, if you've got \$300,000 in your SMSF (and remember, that can be made up of up to 4 members' balances combined) and you pay \$2,000pa for annual admin, your cost is 0.66% pa. Compared to most (if not all) commercial super funds, this is very cost effective.

## Pension Planning

For those members nearing the pension phase, the SMSF allows the most seamless transition from accumulation into flexible income streams. As with all Super funds, the ability to take tax free income streams on retirement is a big incentive to stay within the superannuation environment, and as seen by the above benefits, the SMSF offers a lot of flexibility in terms of how you go about it.

## Asset Protection

The Asset protection afforded in a SMSF is crucial in a world where litigation and bankruptcy has become commonplace. In either of these events, your benefits are protected, even if you withdraw some of this to live on. Note that this is the same with commercial super funds.

Once you begin to learn it's intricacies, you can start to understand why the SMSF is such a popular and effective retirement vehicle, however you must also be willing to take on the significant responsibilities that being a SMSF trustee entails. If you are, then the potential for better returns, tax control, effective wealth transfer, asset protection, and peace of mind are a potent combination, which can take the quality and security of your retirement to a whole new level.

## Are there any drawbacks?

Managing your own super is a big responsibility. Super is meant for your retirement, so there are special rules about how it's managed and when you can get it.

The rules exist to ensure the protection of the assets in the fund until they are needed at retirement. There can be penalties imposed on trustees who fail to perform their duties.

A trustee of a SMSF must act in accordance with:

- The clauses of the superannuation fund trust deed;
- The provisions of the Superannuation Industry (Supervision) Act 1993 (SIS); and
- Other general rules, for example those imposed under tax law and trust law.

The Commissioner of taxation for Australia, Michael D'Ascenzo states that Starting an SMSF is a very important decision, so he recommends you see a qualified and licensed professional to help you decide if it's the right super fund for you.



Even though non-compliance by the fund is a risk and can potentially cost a tax penalty on the fund. This risk can be mitigated by working with a qualified adviser like the commissioner of taxation recommends, this way you make sure you do not make any major decisions without the advice of your adviser and are aware of the Musts and Must-Nots.

## How can we help?

At Empire SMSF Advisers we take the complexity and uncertainty out of managing your SMSF and investments by simplifying the legislation and taking charge of your fund and investment portfolio to eliminate the day-to-day worries of managing your SMSF compliance requirements and investments.

We provide clear strategic advice and plans for the future that provide you with clarity on where you are now and what you need to do to get where you want to be. We take the time to work with you to educate you and project your financial position, allowing you to make an informed decision about your current position and future retirement needs.

The service packages we have available can meet the needs of any fund trustee, you can be as hands on as you like, or you can sit back and let us do the bulk of the work. We can assist with the setup of you fund and provide a multitude of services to assist in the operation of an existing fund. You can obtain one-off or ongoing retirement and investment advice from our financial advise team, and gain access to our investment research and investment options if you choose.

Please go to our website to have a look at our full range of services and our value proposition for clients.

Book an appointment via our website for your free one on one consultation to see how we can help you get started. Or why not give us a call and have a chat.

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### What you need to know

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