

Considering a Self-Managed Super Fund?

Self-Managed Super Funds have been increasing at an average of 27,185 per year since 2011 and I believe that it is because many self-employed people find it an attractive proposition.

Having your own superfund means that you're in the driving seat and able to make investment decisions however, you have to deal with the responsibilities of complying with both superannuation and tax legislation. The main considerations are whether you have the time, the skills and money to set up your own SMSF.

The main aim of a SMSF is save and invest now so that the fund will be able to provide members with income in retirement. It is the sole purpose and must remain the paramount consideration of the SMSF. For an SMSF to work efficiently, it must be set up correctly. Then it will be able to accept contributions and be eligible for tax concessions. Administration methods must also be considered.

The structure of the fund is important. You have several alternatives such as a 'Corporate Trustee' which means that a company is the trustee for the fund. Alternatively, you may choose to have up to 4 individual trustees. Depending on your selection, you will have to make additional decisions about the trustees, members and their interests as well as the decision-making process which will form the trust deed and include an investment strategy.

The trust deed is a legal document and should be prepared by someone who is qualified such as an Accountant, Financial Planner or Lawyer. Similarly, your investment strategy may limit the fund's performance so professional assistance should be considered. Test your knowledge at <https://www.moneysmart.gov.au/investing/invest-smarter/investing-challenge#!/>

A SMSF appears to be a DIY super but it is not! You need to have the support of a team of competent professionals to guide you through the traps and pitfalls and then ensure that you have the freedom to select your chosen investments and still meet the legislative requirements.

Next time I will look at factors that may help you decide whether a SMSF is for you.

Gail Gadd is a Specialist Financial Planner with Lifespan Financial Planning (AFSL No. 229298) and the above information should be considered as GENERAL ADVICE.

More information may be found at

Super Guide:

<https://www.superguide.com.au/smsfs/>

The Australian Tax Office:

<https://www.ato.gov.au/Super/Self-managed-super-funds/Thinking-about-self-managed-super/Consider-the-cost,-time-and-skills/>

