

# Self-managed superannuation funds



*We see creating and looking after your wealth as a lifelong commitment. That's why we offer regular financial advice and guidance throughout the different stages in your life. Together, we can build the financial wealth that lets you enjoy the truly important things in your life.*

More and more Australians are taking the 'do it yourself' option and setting up a self-managed super fund (SMSF). So, what are SMSFs and why are they so popular?

## **What is an SMSF?**

An SMSF is basically a superannuation fund with 1-4 members. These members are all trustees, who administer the fund and set the investment strategy.

SMSFs are regulated by the Australian Tax Office and must meet the following criteria:

- They must have fewer than five members.
- All members of the fund must be trustees.
- No member of the fund can be an employee of any other member, unless they are related.
- Trustees (members) of the fund cannot receive any remuneration for their services as trustee.
- A company can be trustee of the fund provided each director of the company is a member (and vice versa), and all the other criteria above are met.

## **What are the advantages of SMSFs?**

For the right person, self-managed super can offer significant benefits, such as:

- Flexibility – You set the investment strategy and choose your investments from a wide range of assets including property, shares and managed funds. You can even transfer your business premises into the SMSF and pay rent that ends up funding your retirement!
- Potential tax savings – You can set up an SMSF to reduce your tax liability (especially effective for business owners, high income earners and those with significant amounts in super).
- Total control of your retirement savings – You're in the driver's seat, always in control of your investments.
- Reduced administration fees – For those with a larger investment in super, self-managed super will usually cost less to administer.

## **What is wealth advice?**

Wealth advice is support and guidance on the best way to manage all your finances. Whether it's adjusting your debts to minimise repayments, saving for a home or a holiday, investing money, planning for your retirement, maximising pension entitlements or ensuring your family are protected if something happens to you, the right advice from the right people will help you achieve your goals faster and more effectively.

## What are the disadvantages?

With added control comes other requirements such as:

- Responsibility – All decisions and responsibilities associated with managing the fund rest with the trustees (members) of the fund.
- Compliance and administration – Trustees need to make sure that ongoing administration and end-of-financial year regulatory reports are completed to ensure your fund complies and has concessional tax status.

**Note:** There are also substantial penalties if your self-managed super fund does not comply with regulations, which you should be aware of before you decide to take on an SMSF.

- Running costs – Due to the administration and compliance responsibilities, you may need to pay professionals to complete part or all of these requirements. Therefore, SMSFs tend to be more worthwhile with reasonable super account balances. As a guide, a balance of \$200,000 or more is recommended.

## How do you set up self-managed super?

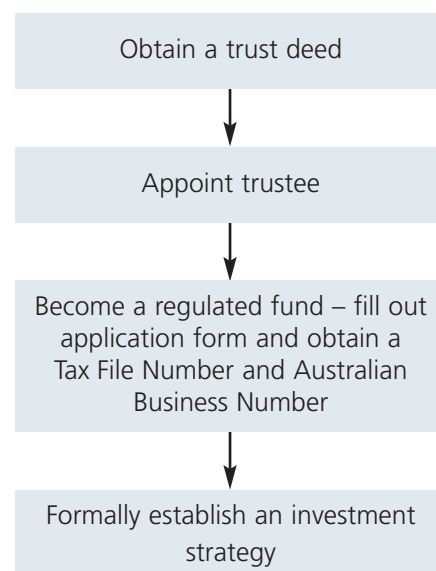
When setting up an SMSF it's important to seek professional advice and input. The following professionals play a role in ensuring your fund complies and meets your investment objectives:

- Solicitors (to prepare trust deeds)
- Accountants and administrators (to complete the audit and tax returns)
- A wealth adviser (to help you with investments)

## Freedom to enjoy your future

There are lots of resources available to help with this process to make it as cost-effective as possible. For example, much of the legal documentation – like the trust deed – can be purchased in template form and adapted to your requirements with the advice of a solicitor.

Your Genesys wealth adviser can organise the complete process for you.



More and more people are discovering the benefits of managing their own superannuation funds. But before you join the SMSF revolution, make sure it's right for your needs and objectives. We have developed a comprehensive self-assessment questionnaire, <(enclosed)> to help you decide if an SMSF is suitable for you. It's important that you contact a financial planner to discuss your individual circumstances before going ahead with an SMSF strategy.

*At Genesys, we want you to get the most out of life so you can take advantage of any opportunity and be prepared for any challenge – that's what wealth advice is all about.*

**Note:** Advice contained in this flyer is general in nature, and does not consider your particular situation or needs. Please do not act on this advice until its appropriateness has been determined by a qualified adviser.

For a no-cost, no-obligation initial appointment please contact:

Roy McLeod\*

**(02) 4934 7409**

16/420 High Street, MAITLAND, NSW 2320

PO Box 138, MAITLAND, NSW 2320

\* AUTHORISED REPRESENTATIVE OF GENESYS WEALTH ADVISERS LTD REPRESENTATIVE NO. 239312

ABN: 20 060 778 216 AUSTRALIAN FINANCIAL SERVICES LICENCE NO. 232686 PRINCIPAL MEMBER OF THE FPA

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