

BUSINESS STRUCTURES EXPLAINED

Self-Managed Super Funds

Why set up a SMSF?

Advantages	Disadvantages
You have ultimate control over your Superannuation and can manage your investments	Large degree of regulation that needs to be met
You save the fees otherwise paid to managers of the bigger super funds	There are heavy penalties for non-compliance both in the set up and in the running of the fund
You can choose your own investment portfolio and level of risk	You take on all the responsibility of managing the fund including reporting & administration duties and the conditions for funds release
You can have a greater variety in your investments: Including direct residential or commercial investment property also shares, managed funds, bonds and cash.	If you hold more unusual assets there are separate and stricter rules that deal with these types of investments and their use
Income that you earn from your investment properties is taxed at lower rates than other structures (eg companies), as are any capital gains.	You are regulated by the Superannuation Industry (Supervision) Act (SISA) to get the concessional tax treatment.
You can choose the 1-4 members that form part of your SMSF therefore combining resources	It is suggested that you need a minimum of \$250,000 of assets in your fund to be 'worthwhile'
	Annual fees for financial statements and audit vary according to the complexity and activity of the fund. Annual audit is compulsory.

Establishment

- The fund must be set up for sole purpose of providing retirement benefits to its members or their dependants if a member dies before retirement.
- They must have a trust deed that meets requirements of the SISA93 and specifies who the members are.
- No trustee or director of a corporate trustee receives any remuneration for their services as a trustee.

SMSF with 1 member:

If the trustee is an individual the member must either be a relative or not an employee of the other trustee. If the trustee is a company:

- The member is sole director or
- The member is one of only 2 directors of that company and the member and the other director are relatives or the member is not an employee of the other director

SMSF with 2, 3 or 4 members:

Each individual trustee has to be a member of the fund or

If the trustee of the fund is a company each director of that company must be a member of the fund No member is an employee of another member unless the members concerned are related

Maintenance of a SMSF

- Lodge an annual income tax return, regardless of income
- Lodge annual member contribution statements
- SMSF's must pay a supervisory levy each year
- Regulated funds must have their financial statements audited each year by an approved auditor

Windup of a SMSF

- Having a final audit of the fund
- Completing reporting obligations with the ATO
- Keep all records for 5 years
- DO NOT close the SMSFs bank accounts - once closed can only be reopened by producing a new trust deed

Contact us to find out more about investment limitations, your duties and obligations and how to save on tax for your SMSF. We can also assist with any of the above aspects of Self-Managed superfunds. We do not provide investment advice but can provide contact details for licensed financial planners.

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