



## **Research confirms importance of self managed superannuation**

The importance of self managed superannuation funds (SMSFs) in Australia's superannuation system has been confirmed by the proposed 'choice architecture model' outlined in the Cooper Review's first preliminary report.

The ability to manage your own superannuation is an important choice in the superannuation landscape. Research released by CPA Australia, the largest accounting body in Australia, shows SMSFs on the whole are being used and recommended appropriately.

The research reveals that investors choose a SMSF primarily for greater control over their investments, SMSFs are more likely to be 'bought' by investors than 'sold' by accountants, use of instalment warrants is not widespread and trustees recognise the primary purpose of their fund is to save for their retirement.

The key findings dispelled many myths about SMSFs and their trustees, and identified accountants as leaders in providing support and advice.

The study, entitled Self managed super funds insights, explored common perceptions surrounding the fastest growing segment in the superannuation industry. The survey randomly polled consumers, SMSF owners, public practitioners and financial planners about their experiences with SMSFs.

The results provide a valuable contribution to the ongoing debate on the future of SMSFs and will form part of CPA Australia's response to the Cooper Review's phase three issues paper on the structure of the superannuation industry.

SMSFs have many advantages, however the dominant reason people have a SMSF is to have more control over their savings, with 39 per cent of those surveyed citing this as the main reason.

The survey found accountants are not the primary drivers of the growth of SMSFs, with the biggest influencers of whether an individual considered an SMSF being family and friends at 44 per cent.

'SMSFs are more likely to be 'bought' than 'sold', says Michael Davison, CPA Australia's senior policy adviser on superannuation.

'Licensed accountants consider, and are more likely to recommend, superannuation options other than a SMSF.

'SMSFs are a growth area and the vast majority of financial planners and public practitioners have dealt with a SMSF. However, they also recognise many SMSF services are quite specialised so they are increasingly buying this expertise into their firm or outsourcing.

'It is worth noting that CPAs are seen as trusted leaders in the provision of SMSF services, including more than half of the financial planners surveyed, demonstrating the community's appreciation of the quality of the designation,' said Mr Davison.

The survey also found that the majority of SMSF trustees recognised the primary purpose for having an SMSF is saving for their retirement. However, their overall knowledge and understanding of their legal obligations could be improved and there is definite demand for SMSF trustee education.

Source: CPA Australia