



Running a Self Managed Super Fund

A well run Self Managed Super Fund (SMSF) is the most flexible and tax-effective vehicle to provide lump sums and income streams to members and their dependants in retirement. Other benefits include greater control and choice over how your super is invested and the ability to run most personal insurances through your fund.

Running your SMSF does require discipline and commitment, however as your trusted adviser we can assist you to streamline the process to allow you more time to do what you do best.

How Is my Self Managed Super Fund Set Up?

Our First Meeting

We will explain in detail how your SMSF will work including all the advantages and disadvantages. It is essential that we examine your existing super benefits, including investments and insurance, to ensure you will not be disadvantaged by closing down any existing superannuation account. We will also do a cost comparison to assess whether a SMSF will be the right vehicle for you. If you then decide that you want to take on the commitment of being a trustee and the SMSF is appropriate for your needs, the paperwork begins.

The Paperwork

Our advice to you regarding the start up of a SMSF must be covered in a document called a Statement of Advice (SOA). Financial Services legislation states that we must provide you with this document which details all the relevant costs, benefits, potential disadvantages and alternatives. As part of this comprehensive advice document we will also review your personal insurances and your estate plan to determine the benefits of incorporating them with your fund.

Your Involvement

It is important that you read and understand your SoA before deciding to proceed. Once you are satisfied you will need to sign the Authority to Proceed and we will prepare all the required documentation.

Second Meeting

At our second meeting you will sign off on the documentation which effectively starts your fund and you will be provided with a copy of the Trust Deed for your records. Most of our trustees use a Macquarie Cash Management Trust as their fund's bank account which we can open for you. You can however, open your own account with a bank of your choice. At this meeting we will also start to draft your Investment Policy Statement. This will become your SMSF operations manual.

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How do I get my fund working?

After confirming whether any existing benefits should be maintained we will assist you in transferring any existing superannuation investments you may have into your new SMSF. This entails cashing in existing super and transferring that cash into your new SMSF bank account. Likewise all future contributions and investments will be directed to the fund's bank account and, where appropriate, personal insurances can be set up with the premiums coming out of the same bank account.

The way the assets of your SMSF will be managed, the monitoring of the fund's performance and the payment of benefits will be dealt with in your Investment Policy Statement. This must be drafted and implemented as soon as practicable after your SMSF has started and before any investments are made. We will take a very hands on role in this process.

What is expected of you as a Trustee?

Running your own SMSF requires common sense, logic and attention to detail. You need to view your fund as the vehicle that will eventually fund your retirement.

Trustees of any super fund have the legal obligation to keep minutes of decisions that you may make for the fund, maintain records, submit tax returns, attend annual trustee meetings and make all records available for the auditor.

By appointing us as your fund's administrator we will look after the tax return and audit functions and chair your annual trustee meeting. We use Banklink for all our SMSF clients as the method for receiving bank statement information. You need to keep all other records, receipts, purchase & sale contracts, etc.

It is very important that clear lines of communication are maintained between you as trustee and our super fund team. We ask that you reply promptly to any request for information regarding the operation of your SMSF.

Features of a SMSF

The rules for your SMSF are contained in the fund's Trust Deed which provides for benefits to be paid as a lump sum and/or pension/s, conferring control and flexibility on the members in an extremely tax efficient investment and income stream instrument.

The SMSF is a long term tax concessional savings arrangement just as any other type of regulated superannuation vehicle.

Fund Options

1. Family Fund where up to four (4) members can participate.
2. Business Fund where business partners may be the trustees and members.

Investment

The Trustee/s implement the investment strategy, with the assistance of their specialist financial adviser. The Self Managed Superannuation Fund can invest in a broad range of Australian and International assets including shares, managed investments, mortgage loans, cash, real property, unit trusts, term deposits, fixed interest securities and collectables.

Taxation Benefits

Fund accumulation account asset earnings are taxed at a maximum rate of 15% which may be reduced to nil (0%) with an appropriate investment strategy.

Fund administration, audit, regulatory lodgement fees and insurance premiums are tax deductible fund expenses. Excess imputation credits are refunded by the ATO. Investment earnings and capital gains on assets producing a fund pension are Tax Free.

Flexibility

The Self Managed Superannuation Fund can accept all types of contributions on behalf of a member. On retirement a member's account may be paid as a lump sum or continue paying a tax effective pension without impacting on other accounts in accumulation phase. Benefits may also be paid in specie i.e. in-kind.

Security & Control

The Trustees control and are responsible for all aspects of the Self Managed Superannuation Fund. The requirement that all members are Trustees or Directors of a Corporate Trustee ensures each member is fully involved in the decision making processes and prudent management of the Fund.

A member's fund assets are normally protected from creditors in the event of bankruptcy.

Death & Disability Benefits

The Trustee may include death and disablement insurance cover on a member. Existing insurance policies may also be reissued to the Self Managed Superannuation Fund with premiums paid by the Trustee/s being tax deductible to the Fund.

Death benefits payable to a member's dependents are normally tax free while Total and Permanent Disablement benefits paid to the member receive special tax concessions.

Portability

The Fund is totally portable; it is not necessary for each member to reside at the same address or even the same State and may also live overseas with minimal limitations.

Trusteeship

As a Trustee of a Self Managed Super Fund, each member is involved in the decision making process and management of the Fund. Trustees must act honestly and prudently while applying the same care, skill and diligence as if entrusted with the property of another.

As the fund assets are beneficially held on behalf of the members, then who better to act as Trustee/s than the members or a company controlled by the members.

Members of the same fund may fit into different account phases, for example, one member in accumulation phase and another receiving a pension/s. One member may be self-employed and another an employee.

SMSF Fee Schedule

SMSF Administration

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| • Low Transactional | \$1,650 |
| • Medium Transactional | \$2,310 |
| • High Transactional | \$2,970 |
| • Pension Administration | |
| • 1 Pension | \$330 |
| • 2 Pensions | \$550 |
| • Audit | \$660 |

All administration packages include:

- Fund accounting
- Preparation and lodgement of tax returns
- Annual trustee meeting including:
 - Restating the fund and member strategies
 - Review of pension minimum & maximums
 - Review contributions
 - Review preservation and access rules
- Liaising with auditor & rectifications
- A sole purpose test check
- Debtor & creditor compliance review
- Tax position review

SMSF Set Up

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| • Initial Meeting | \$550 |
| <i>This fee does not apply if you proceed to the next stage</i> | |
| • SMSF Set Up Advice | \$2,750 |
| • New fund establishment (including Trust Deed) | \$550 |
| • Superannuation trustee company | \$550 |
| • Trust deed upgrade | \$195 |
| <i>strategist deed</i> | |
| <i>any other deed</i> | \$495 |
| • Change of trustee | \$495 |
| • Pension set up | \$550 |

Investment Strategy

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| • Investment Strategy | <i>no investment advice</i> | \$1,100 |
| • Investment Strategy | <i>with specific investment advice</i> | from \$3,300 |

We provide complete advice documentation and a documented investment strategy that is fully compliant with superannuation legislation and with all investment strategy advice.

Estate Planning from \$1,650