# Self Managed Superannuation Funds

## Are they right for you?

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A Self Managed Superannuation Fund (SMSF) provides control and flexibility for your retirement assets.

A Self Managed Superannuation Fund offers the same taxation benefits as any other superannuation fund including a maximum 15% tax rate on investment earnings, tax deductions/rebates on contributions and concessionally taxed end benefits.

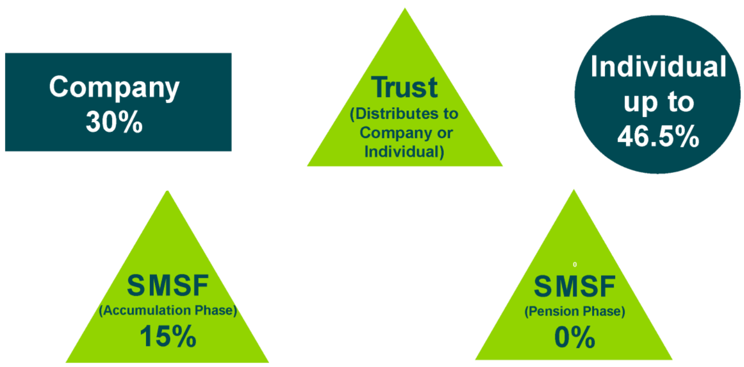
A Self Managed Superannuation Fund must have a documented investment strategy that is formulated and agreed to by the members of the fund.

A SMSF has a number of unique characteristics. Some of these include:

- A SMSF can have no more than 4 members;
- No member of the fund is an employee of another member of the fund, unless they are related;
- Each member of the fund must be a trustee of the fund, and each trustee must be a member. Where a company is appointed to act as the trustee of a SMSF, each member of the fund must be a director of the trustee company, and each director must be a member;
- No trustee of the fund receives any remuneration for their services as trustee; and
- SMSFs are regulated by the Australian Taxation Office (ATO) whereas other types of superannuation funds are regulated by the Australian Prudential Regulatory Authority.

It is important to realise that Superannuation is not a type of investment or an asset class – it is a structure. We often hear clients discuss how much they dislike superannuation due to its performance, and you need to understand that the performance is related to the investments that you hold in superannuation.

Superannuation offers a more effective tax environment to hold your investment assets than other entities, as displayed in the illustration below.




## Who may suit an SMSF?

- Those who wish to have control over their retirement assets;
- Those who wish to utilise the flexibility of the SMSF structure to access estate planning, social security and retirement planning outcomes that may not be available through the use of a large retail or corporate superannuation funds;
- Those who wish to invest in assets typically not available through retail superannuation funds, such as Direct Property;
- Those who have sufficient assets invested in superannuation to achieve the cost efficiencies required to make running an SMSF viable – generally $200,000 is considered the minimum depending on individual circumstances.

| Advantages of an SMSF | Disadvantages of an SMSF |
|---|---|
| The ability to control the assets of your superannuation which could include investments such as shares, direct property, managed funds, and cash. | Trustees are bound by law to responsibly manage the super fund for the benefit of the members. |
| Greater flexibility for members in the overall management and administration of the fund including investment selection, benefit of franking credits and estate planning. | There are significant administrative and compliance tasks that must be undertaken by the trustees. Non-compliance can result in severe penalties and increased taxes. |
| Cost savings are potentially available in relation to running the fund depending on the size of the fund and the types of investments. | The cost of running an SMSF can be expensive where the fund size is low. |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# The SMSF Process...

*Complicated?*
*Ulton makes it easy with our complete start to finish comprehensive service*

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## Client

- Provide details on existing Superannuation to Ulton Financial Planning
- Decide on SMSF Name; Decide on Corporate Trustee Name
- Client to meet with Ulton for presentation of Statement of Advice and Signing of Constitution, Trust Deed, necessary establishment and admission Minutes and ATO Trustee Declaration
- Open Fund Bank Account
- Establish Investment Strategy for the Fund
- Lodge any necessary investment paperwork
- Engage Accountant and auditor of the Fund
- Retain all paperwork relating to the Fund
- Ensure that annual returns and income tax returns are lodged with the ATO
- Ensure that necessary Minutes are recorded and retained for 10 years

## Ulton

- Compilation and analysis of existing superannuation
- Order Company Constitution
- Order and process SMSF Trust Deed (1 day)
- Meeting with Client to present Statement of Advice and to allow for Signing of Constitution, Trust Deed, necessary establishment and admission Minutes and ATO Trustee Declaration
- Lodgement of Notice to become a regulated SMSF with the ATO
- Order ABN and TFN for the Fund
- Open Fund Bank Account
- Rollover any existing superannuation benefits into the Fund per the Statement of Advice
- Bank Rollover cheques into Bank Account
- Document Investment Strategy for the Fund
- Lodge any necessary investment paperwork
- Arrange for any life insurances via the Fund

## Others

- Other: Process Company Constitution (2-3 days)
- ATO: Process ABN and TFN for the Fund (can take up to 28 days)
- Other: Process Rollover requests (can take up to 14 days)