



## SUPERANNUATION

### What is a Self Managed Superannuation Fund (SMSF) ?

#### Did You Know?

During the 12 months to 31st December 2007, just over 48,000 new self managed superannuation funds were established

Source: APRA Statistics

A self managed superannuation fund is a vehicle that is used to manage the superannuation portfolio of, most commonly, an individual or family. Its purpose is usually to allow the owners' of its investment portfolio, greater investment flexibility and control over their superannuation assets, eg. a SMSF can invest directly into ASX listed securities whereas with alternatives such as master trusts, individual stock selection decisions, are made by fund managers. Generally speaking, SMSFs are established by more experienced investors.

The establishment of a SMSF is complex and requires careful consideration of fund structure, the establishment of a Trust Deed, the appointment of trustees, and compliance with legislative requirements.

Generally speaking, due to the ongoing compliance and administrative costs, a SMSF is only economically viable where a superannuation portfolio exceeds \$150,000.

The trustee of a SMSF can be either its members or a director of a company which is a corporate trustee of the fund.

The trustee of the SMSF has the following responsibilities:

**Reporting** - Ensure that the required reports are furnished to the Australian Securities and Investment Commission (ASIC), the Australian Tax Office, and to fund members. There are strict reporting formats and standards required to be followed in the preparation of these reports.

**Annual Audit** - Ensure that an annual audit is conducted by the fund's auditor to ensure all government and legislative requirements are met.

**Compliance** - Ensure that the fund is complying. Severe penalties are payable if a SMSF is deemed to be non-complying. The trustee of a SMSF must ensure that at all times their fund complies with:

**Trust Deed Requirements** - The governing rules of the fund including its investment strategy.

**Legislative Requirements** - The Superannuation Industry (Supervision) Act 1997 and The Income Tax Assessment Act 1936.

The advantages of using a SMSF include:

**Flexibility** - Investment choice is greater giving access to individual securities. This level of control is not offered by public offer funds.

**Lower Fees** - Provided the SMSF has a sufficient investment portfolio there is the potential for lower establishment and administration fees.

The disadvantages of using a SMSF include:

**Administration and Compliance** - The administrative, compliance and reporting requirements for trustees of self managed funds can be time consuming and costly, involving the need to appoint and manage independent taxation, accounting, investment, insurance and legal experts.

**Legislative Risk** - The Federal Government may change the rules governing SMSFs. Such changes could have an adverse effect on superannuation entitlements.

**Ask about our full service to the trustees of SMSF's that provide any easy worry free solution to overcome all of the disadvantages listed above.**

If you would like to take advantage of our free consultation or would like to know more about our services please contact us on (07) 3832 6020,  
Email [info@bridgewaterafs.com.au](mailto:info@bridgewaterafs.com.au)  
or visit our website on  
<http://www.bridgewaterafs.com.au>

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*Bridgewater AFS is a Corporate Authorised Representative No 331983 of WealthSure Pty Ltd AFSL No 238030 ABN 93 097 405 108*

Level 1, 346 Turbot Street • PO Box 10144, Adelaide Street • Brisbane QLD 4000

Telephone: 07 3832 6020 • Facsimile: 07 3832 6018 • [info@bridgewaterafs.com.au](mailto:info@bridgewaterafs.com.au) • [www.bridgewaterafs.com.au](http://www.bridgewaterafs.com.au)

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