

SELF MANAGED SUPERANNUATION

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Some of the reasons why we utilise Self managed Superannuation is as follows;

- Be able to control and be actively involved in the investment decisions in relation to your superannuation fund,
- Have the option of investing in particular types of assets not commonly available through other types of superannuation structures such as warrants and direct property.
- Have flexibility in the design and control of your retirement income streams,
- Have flexibility in structuring of the payment of superannuation benefits to others in the event of death,

- In particular, a SMSF can include up to 4 members, thus making it possible for a number of family members to participate in the fund. It is important to note however that legislation will not allow you to include your employees in the fund unless they are also related to you.

Cost control

- In some circumstances, a SMSF may deliver investors with cost savings when compared to other types of superannuation structure, such as public offer funds, and employer sponsored funds.
- There are a number of factors that impact on the cost of running a SMSF including, but not limited to, the extent to which administrative and investment functions are outsourced to other providers. Needless to say, the more functions that trustees assume, generally the lower the cost of administering the Fund will be.

Investment flexibility

- All SMSF trustees are required to formulate and implement an investment strategy. Once formulated, all investments of the fund must be made in accordance with that strategy. Legislation also applies some restrictions on investments that can be made by a fund, particularly in relation to acquiring assets from members, loans and borrowing, and in-house assets.

Retirement Income Streams

- Depending on the terms of the SMSF's trust deed, a SMSF may offer one or a number of income streams to members. These include both an allocated pension and a market linked or growth pension (often referred to a Term Allocated Pensions ("TAP's")).

Life Insurance

- In circumstances where a member of a SMSF is identified as having needs that may best be covered by life insurance, consideration should be given to holding that life insurance cover within a superannuation fund. Not only are the premiums paid from the members contributions to the Fund, thus removing the need for the member to fund such premiums from their "after tax" income, but the premiums are tax deductible to the Fund paying the premium.

Estate Planning

- Estate planning involves the orderly and tax effective transfer of wealth from one generation to the next.



- Be able to transfer existing investments that you hold into the superannuation environment,
- Accumulate savings for your retirement in a tax effective manner,
- Achieve cost savings in the ongoing management and administration of your superannuation savings,
- Have flexibility to structure the payment of retirement income streams in order to maximise access to Government benefits,

Benefits or Advantages of a SMSF include:

Personal control

- A SMSF provides you with flexibility that allows you to establish a fund to cater for your own specific needs (within the constraints imposed by the relevant governing legislation).

- Within a self managed superannuation fund the member has a number of choices in terms of directing what will happen to their benefit in the event of their death. Generally the options available within the SMSF are more flexible than may otherwise be available with alternative types of superannuation fund structures.

Taxation Planning

- Whilst superannuation, irrespective of the type of structure employed, enjoys common taxation treatment, there are a number of instances where the SMSF may have an advantage over alternative superannuation structures including:
- Franking credits that arise from investments held by the fund are applied to that fund, and are not pooled as is the case with many larger superannuation funds,



Disadvantages of Self Managed Superannuation Funds

- There are a number of potential disadvantages with establishing and running a Self Managed Superannuation Fund (SMSF);
- They can be time consuming to administer, particularly where a professional administrator is not engaged to attend to the day-to-day administration,
- Trustees must assume responsibility for operation of the fund. Although certain functions may be outsourced to professional advisers, this does not release trustees from these responsibilities,
- SMSF's may be costly to administer, particularly where there are only relatively small amounts being invested in the SMSF structure. Furthermore, costs may be duplicated where a SMSF intends to only invest in managed funds and/or listed securities that could simply be acquired through a retail public offer fund.

Talk to Centre Capital

To arrange a meeting with one of our financial planners or advisors, please email advice@centrecapital.com.au or call 1300 132 214. For further information, visit our website at www.centrecapital.com.au



- The payment of contributions tax is deferred until it is actually due, allowing investment earnings to accrue on those funds until they become payable, unlike many larger funds that deduct the tax from a members account at the time the contribution is made,
- Investment transactions can be timed to coincide with the most appropriate timing for realisation of capital gains and losses.
- Where insurance benefits are provided by a SMSF and a claim arises, opportunities may exist for favourable taxation treatment of the payment of such benefits.



The advice provided in this document is General Advice only and we have not considered your personal circumstances. Before making any decision on the basis of this advice you should consider if the advice is appropriate for you based on your particular personal circumstances.