

Self managed super - is it for you?

The Australian Taxation Office (ATO) regulates self managed super funds (SMSFs). The Australian Securities & Investments Commission (ASIC) regulates financial services and company laws to protect you. Starting an SMSF is a very important decision, so we recommend you see a qualified and licensed professional to help you decide if it's the right super fund for you.

If you want to manage your own super, there are many factors you need to consider. To work out whether an SMSF is right for you, it's important you take the following six steps:

1. Consider your options and seek professional advice

There are many professionals who specialise in SMSFs. They can provide advice to help you understand:

- what an SMSF is
- the requirements for and the costs of setting one up and keeping one going
- your investment options and risks.

Remember, if you decide to set up an SMSF, you will either be a trustee of the fund or a director of the company that is a corporate trustee for the fund. Therefore, you are legally responsible for all the decisions made even if you get help. A professional can provide advice and assistance but you're ultimately responsible.

2. Make sure you have enough assets, time and skills

Operating an SMSF means you're responsible for the fund. You need to make sure you have enough assets, time and appropriate skills to:

- make the best investment decisions
- meet all your obligations as a trustee of your fund.

As a trustee of an SMSF, your primary responsibility is to ensure you have invested your fund's money appropriately, so ask yourself the following questions:

- Am I a confident and knowledgeable investor?
- Will an SMSF do as well as or better than other super funds after I pay all the costs?

3. Understand the risks and laws

It's important to think carefully about how you choose your investment options. When thinking about how to manage the risks associated with your investment options, we recommend you also consider:

- your age
- what level of risk you're comfortable with
- the objectives you have for your fund.

Super funds, including SMSFs, receive significant tax concessions as an incentive for members to save for their retirement. However, you need to follow the tax and super laws to receive these concessions.

4. Make sure your trust deed and investment strategy are tailored to suit the members

A trust deed is a legal document that sets out the rules for establishing and operating your fund. Together with the super laws, they form the fund's governing rules.

An investment strategy sets out the fund's investment objectives and your plan to achieve them. It provides you and the other trustees with a framework for making investment decisions to increase member benefits for their retirement.

5. Make sure you can meet your record keeping and reporting obligations

If, as one of the fund's trustees, you invest the SMSF's money in an investment that fails, the other trustee(s) could take action against you for failing to be diligent in your duties. However, if your investment decision was recorded in meeting

minutes that were signed by the other trustees, you will have a record to show the other trustees agreed with your actions.

6. Make sure you understand the auditing obligations

You need to appoint an approved auditor, who will:

- provide you with a report on your SMSF
- report to the Tax Office if your fund has breached any super rules.

Useful services

To obtain more information about SMSFs:

- visit the Tax Office website at www.ato.gov.au
- visit ASIC's website for consumers and investors at www.fido.gov.au



If you would like more information on whether a self managed super fund may suit your personal situation, please contact the office and we will be able to help you to identify a qualified advisor in this specialised area.

