

## Self Managed Superannuation Funds (SMSFs)

Self-managed super funds (SMSFs) are now the largest and fastest growing segment of the super industry. The number of SMSFs continues to grow rapidly as demonstrated below;

New Fund Numbers	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Establishments	28,104	21,745	23,627	44,768	32,159	31,618	27,340
Wind ups	4,856	5,124	4,936	3,813	4,604	6,880	1,071
Net establishments	23,248	16,621	18,691	40,955	27,555	24,738	26,269
Total number of SMSFs	273,369	289,990	308,681	349,636	377,191	401,929	428,198

Source: [www.ato.gov.au](http://www.ato.gov.au)

The difference between a SMSF and other types of superannuation funds is, generally, that members of a SMSF are also the trustees. This means the members of the SMSF run it for their own benefit.

The main reasons for setting up a SMSF are around control, investment choice and flexibility.

As a trustee, you need to adhere to the rules and know that you are ultimately responsible for the running of the fund, even if you use tax, financial and super professionals to help you to manage your fund.

Some of the responsibilities and issues that superannuation trustees often require professional advice and support include;

- Setting up a SMSF
- Managing your fund's investments
  - Your Investment Strategy document
  - Investment choices including direct property and direct shares.
  - Ownership and protection of assets
  - The sole purpose test (for your retirement)
- Contributions and rollovers including in-specie transfers
- Reporting, record keeping and administration
- Understand compliance and penalties
- Borrowing within the super fund.
- Accessing your super, including pensions and lump sum withdrawals.
- Estate planning considerations
- Insurance structuring within the fund
- Winding up your fund

As a SMSF trustee, you are ultimately responsible for running your SMSF. It is most important you understand the duties, responsibilities and obligations of being a trustee.

As a trustee of an SMSF, you need to act according to the following:

- your fund's Trust Deed
- the provisions of the super laws, including
  - *Superannuation Industry (Supervision) Act 1993* (SISA)
  - *Superannuation Industry (Supervision) Regulations 1994* (SISR)
- the *Income Tax Assessment Act 1997* (ITAA 1997)

- the *Tax Administration Act 1953* (TAA 1953)
- the *Corporations Act 2001*
- other general rules, such as those imposed under other tax and trust laws.

At Catalyst Financial Group, we can provide advice and on-going support for all the above requirements to ensure you are receiving the maximum benefit from your SMSF whilst meeting your trustee obligations at the same time.

The attached documents are provided by the ATO and should be read by anybody considering setting up a Self Managed Superannuation Fund.

- [Setting up a self-managed super fund](#) (NAT 71923) (see attached PDF)
- [Running a self-managed super fund](#) (NAT 11032). (see attached PDF)

Further information on Self Managed Superannuation Funds can be found at;

Australian Taxation Office: [www.ato.gov.au/superfunds/](http://www.ato.gov.au/superfunds/)

Self Managed Super Fund Professionals Association of Australia: [www.spaa.asn.au](http://www.spaa.asn.au)