SMSF Strategy Series

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Episode 2 - Structure

Self-Managed Super Funds are not suitable for everyone and you should think carefully before deciding to set one up. Should you decide that an SMSF is the right vehicle for your super savings, you need to ensure the fund is set up and maintained correctly so that it is eligible for tax benefits and is as easy as possible to manage.

In this episode, BCG's Sarah Power joins Chris Reed to cover considerations for the trustee of the fund as well as discussing the deed, the investment strategy, and the fund itself.

There is a focus on the important differences between Individual and Corporate Trustee.

Once your SMSF has been established and has its corporate trustee, it must control the investment of the contributions and fund earnings.

The SMSF must have a trust deed that outlines the governing rules for the operation of the fund. The trustee must prepare and implement an investment strategy and it should be reviewed regularly to ensure that the investment strategy covers off all the things that have been set up to achieve within the fund.

For your fund, this is not just from an asset point of view or about what assets you are investing in; but also making sure it's covering off things like gearing, borrowings and all the different strategies you can actually put in place.

The trust deed should be reviewed regularly to accommodate changes in superannuation, taxation, estate planning and other laws that affect superannuation, as well as the potentially changing circumstances of the fund members and beneficiaries.

It cannot be over-emphasised, the importance of getting a good trust deed set up in the first place; but then also keeping the deed current and up to date. It is required by regulation that the fund have an investment strategy and that it be reviewed regularly.