SMSF Strategy Series

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Episode 3 - Property Investing with Super

In this particular discussion, Chris is joined by Ben Payne, a Property Development Expert at BCG. Join them as they talk about property investing within Super and cover general rental type properties, then move through business premises, joint investments, even property development and farmland.

Why would you get a rental property inside of Super in contrast to it being outside Super?

Superannuation really is the most protected environment that we have. It's the most protected structure as it is generally protected from bankruptcy and creditors. So it does make a lot of sense from an asset protection point of view to really build up your wealth within that Superannuation environment where it is protected.

Moreover, Super is a tax effective environment. If we've held our asset for longer than 12 months, we are paying 15% generally within Super with 10% on capital gains. But it is when we have reached retirement and start drawing on a pension and move the fund into pension phase when it effectively becomes a tax free environment.

As with other Super funds, SMSFs are a way of saving for your retirement. Generally, the main difference between an SMSF and other types of funds is that members of an SMSF are the trustees. This means the members of the SMSF run it for their own benefit.

You do get the personal tax benefit if you are negatively geared; but you need to think about capital gain in longer terms so by selling your property in your own name, it could have a big capital gain which would mean a big tax bill as opposed to within Super as already mentioned. So as long as we have held that asset for longer than 12 months, we are looking at a 10% tax bill on the capital gain or if we've moved into pension phase we could pay nothing and it would be a tax free capital gain.