SMSF Strategy Series

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Episode 5 - Family Planning and Long Term Planning

Sarah Power of Business Concepts Group joins Chris in this episode to discuss bringing the next generation into your SMSF.

Self-Managed Super Fund (SMSF) can have up to 4 members who are also the trustees of the fund. These funds allow the members to control how the fund operates and what investments are undertaken for retirement.

As indicated throughout this series, BCG recommends that your SMSF have a corporate trustee. Where a corporate trustee is appointed, each member must be a director of the trustee company and each director of the trustee company generally needs to be a fund member.

By adding up to four family members, such as adult children, you could increase the fund's balance considerably. This could allow you to:

- Purchase assets you don't have sufficient money to buy individually, such as residential or business property, and
- Make some significant cost savings, as many of the costs involved when setting up and running an SMSF are a fixed amount, i.e., they don't increase if the fund balance does.

Having one fund for the family can also:

- give you more flexibility to decide which assets are sold to pay a death benefit if a fund member dies, and
- Make it easier to transfer your wealth tax-effectively from one generation to the next.

As mentioned, you have the ability to have up to four members in a SMSF. You are therefore able to combine your Superannuation benefits into one strategy to reduce ongoing costs and increase the potential for compounding capital growth.

Note that before setting up an SMSF with other family members, consider if you'd be happy to share fund decisions.