



# About Self Managed Superfund



*Start taking control of your  
superannuation today*

create and manage  
your own superannuation  
portfolio  
through a  
self managed superfund



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## Disclaimer

This brochure is based on our interpretation of the laws and other information available as at January 2006. While we believe the information in this brochure is correct, we can give no guarantee in this respect.

The information contained in this brochure is factual and does not consider your personal circumstances. It is not financial advice.

Before proceeding, you should discuss your personal circumstances with your financial adviser to ensure that it is suitable for your circumstances.

At Superannuation Accounting Services we like to help people achieve their financial goals. That's why we offer self managed superfund – a flexible alternative to traditional superannuation.



## what is choice of superannuation fund

From 1 July 2005, employees can choose their own self managed superfund as the fund to receive their employer superannuation contribution.

Choice of superannuation is a new law that gives many employees the right to choose which superannuation fund will receive their employer superannuation contribution.

Generally, employees can nominate the fund that will receive their future superannuation contributions.

Exceptions apply to some government employees and those covered by state industry awards where superannuation contributions must be paid into a specified union or industry fund under that award.

## you have a choice of superannuation fund unless:

- your superannuation contributions are made under a certified agreement or an Australian workplace agreement
- your superannuation contributions are made under a state award or industrial agreement
- your employer is a sponsor of a particular defined benefit fund and certain conditions are met

There will also be public servants and individuals working for government agencies who may not need to be offered choice of superannuation fund.

If an employee is engaged under a federal award, they must be offered choice of superannuation fund whether or not that award requires contributions to be made to a specific superannuation fund.

# what is self managed superfund

A self managed superfund is a small superannuation trust that has the primary purpose of providing retirement benefits, where the members also act as trustees. This means you control and run your own superfund.

Self managed superfund operates in much the same way as public offer superfund but on a smaller scale. The trustee holds the assets of the funds for the benefit of the members. In a self managed superfund you hold the assets of your fund and control the investment decisions as trustee of your fund. This gives you total security, control and flexibility.

Self managed superfunds can invest in a wide selection of direct investments or professional managed assets. You decide the level of risk you are willing to take and invest accordingly.

## at a glance

Self managed superfunds have:

- up to four members
- all the members are also trustees (except single member fund)
- no trustee receive any remuneration for their trustee services

A self managed superfund can accept contributions from all sources including:

- your employer (employer compulsory contributions on your behalf)
- your voluntary contributions that are in addition to the compulsory contributions
- the Government (Government co-contributions)
- roll-over from other superannuation fund

Your self managed superfund is not linked to a specific employer. This means that if you change jobs you can continue to contribute to your self managed superfund.

## how it works

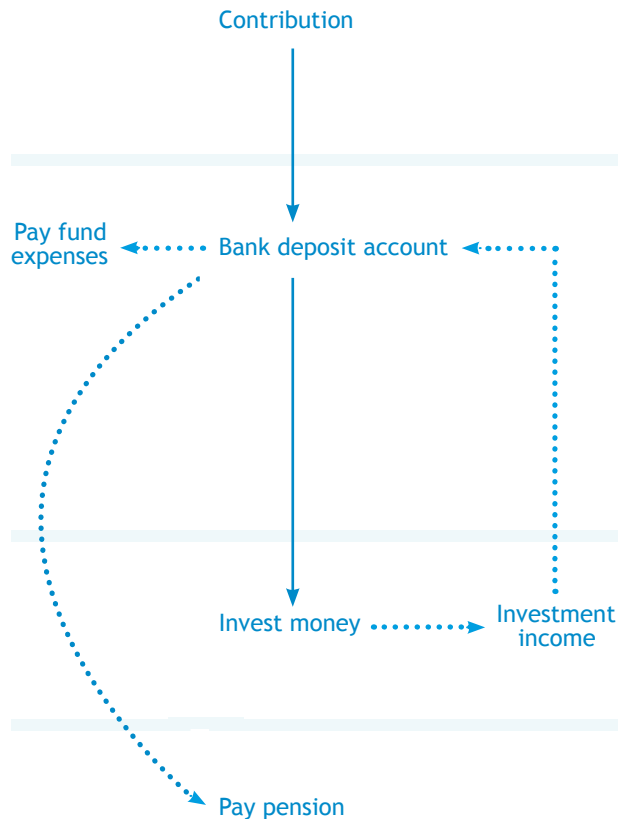
Self managed superfunds operates in much the same way as public offer superfunds but on a smaller (personal) scale.

As a member of your own self manage superfund, you will be the trustee. As a trustee, you will hold the assets in trust and will be actively involved in the investment decisions of your fund.

As trustee, you operate the superfund's bank account. All contributions, roll-overs and investment incomes are deposited into the superfund's bank account. You use the money in the superfund's bank account to invest in accordance with the superfund's investment strategy.

Tax deductible life and TPD insurance policies can also be purchased to protect members.

## how it works diagram



Contribution can be accepted from:

- your employer
- yourself (voluntary contribution)
- the Government
- rollover from other fund

The self managed superfund will maintain its own bank deposit account with your chosen bank or financial institution.

The money in the bank deposit account may be used for:

- purchasing investment assets
- payment of fund expenses (such as taxes and accounting fees)

You must not mix the money of the self managed superfund with your own.

The superfund can invest in most class of assets.

Income derived from investments can be used to make further investments.

When you reach retirement age, the fund can commence paying you a super pension.

# investing

As trustee of your superfund you will formulate your own investment strategy and invest accordingly.

Self managed superfund could be the perfect opportunity for you to invest in a wide range of assets, including direct shares.

You can build your own investment portfolio held within a self managed superfund, tailored to suit your financial goals and your attitude to risk.

Self managed superfund can invest in most class of assets including shares, listed and unlisted property trust, direct investment in real property, professionally managed funds, hybrid financial products, unlisted securities, bonds, debentures, fixed interest products and other assets.

Self managed superfunds can also invest in more complex financial instruments and even exotic assets such as artwork and collectables. However there are strict rules and you should consider how such assets may be used to ensure the self managed superfund continues to meet the sole purpose of providing for member's retirement.

## transfer and consolidate your existing superannuation

You may currently have superannuation in more than one place.

You will typically have superannuation in more than one place if you have had more than one employer.

You may decide to roll-over all or part of your superannuation into your self managed superfund.

## a world of investment opportunity

Through self managed superfund, you can enjoy significant investment freedom allowing you to build a portfolio that precisely suit your needs.

## fees and charges

There are no entry fees, exit fees or management fees because you manage your own superfund.

The only fees are the expenses incurred in the running of the fund such as accounting and audit fees. It may also include brokerage or professional adviser's fees if you utilise the services of one.

The 2 component of the fees and charges are below.

### Set up

This is a once-off charge. This fee includes preparation of a fund's trust deed, registration of the fund with the Australian Taxation Office (ATO), and the proper election to be a regulated fund for tax concessions.

### Ongoing accounting

A self managed superfund is required to prepare an annual report to provide to all its members.

This is an annual fee. This fee covers the preparation of the fund's annual report that includes the fund's financial statements and member's statements, fund's income tax and regulatory return and audit.

## at a glance

Transparent and fixed accounting fee, regardless of the size of the fund.

Fees quoted are inclusive of Goods and Services Tax (GST) and are for accumulation funds not paying pension. Exclude funds that fail to comply with the Superannuation Industry (Supervision) Act 1993 and/or Regulations.

	Total assets \$200,000	Total assets \$500,000
Ongoing accounting fees (per annum)	\$1,100	\$1,100
Fees as a percent of total assets	0.550%	0.220%

what is your fund charging you at present?

## when trying to accumulate for your retirement the last thing you need is fees eating it away

Most funds charge fees. Differences in the fees fund charge can have a big effect on what you may have to retire on. This effect may be more than you think and for this reason you need to consider what fees are being charged. For example, your final return could be reduced by 20% over 30 years if your total amount of fees and costs are 2% rather than 1% (eg, from \$100,000 to \$80,000). Some funds may also charge an exit fee if you leave the fund.

## tax-efficient

Maximise your super savings by taking advantage of taxations savings.

Self managed superfund gives you every opportunity to grow your superannuation in a secure and tax-efficient environment.

Generally, the income tax rates that apply to complying self managed superfund are the same rates as those that apply to other funds.

As the rate of taxation is lower than personal income tax, your money in your superfund grows at a quicker rate.

### Income tax

As with all funds, superannuation contributions are currently taxed at a flat rate of 15%. The earnings of the fund are also currently taxed at a flat rate of 15%.

### Capital gains tax

Capital gains are taxed at a flat rate of 15%. However, capital gains on assets held continuously for more than a year are eligible for concessional rate. The capital gains is reduced by 33%.

Therefore, for asset held for more than a year, the effective tax rate on the capital gains is 10%.

# stability and security

As trustee of your own superfund, you are in a unique position to protect your own superannuation.

The rules governing self managed superfunds are designed to give you every opportunity to protect your own superannuation.

## Unique protection

As trustee, you managed the fund. In managing your fund, you will best protect your own interest. This means that your unique position as a trustee ensures that your superannuation is looked after well.

Who will protect your superannuation savings like yourself?

## Unrivalled security

The money and investments of the fund is in your hands. This means that you know at any time where it is invested and how they are performing. You will also have comfort in knowing that your superannuation is in the safest hands – your own.

# is self managed superfund for me?

Before you decide to set up a self managed superfund you should think about whether it is suitable for your personal needs, objectives and financial circumstances.

There are a number of things that can help you decide whether self managed superfund is suits you.

## Sufficient superannuation

You will need to determine whether you have enough in superannuation for a self managed superfund to be cost-effective and achieve investment diversification. Generally, it is suggested that above \$200,000 is needed. It can be the sum of superannuation from up to 4 members.

## Financial knowledge

Generally, you will need to have some financial knowledge or use a financial adviser to assist you in running your self managed superfund.

## Time

You will need to dedicate some time to making sure your self managed superfund is properly managed and records are kept in order.

The above does not take into account your personal circumstances. Before making your decision, you should consider their appropriateness to your personal circumstances, and you may want to seek further advice.

notes



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