

**SMSF – AUSTRALIA'S MOST POPULAR**

**WAY TO SAVE FOR RETIREMENT**

**A GUIDE TO SELF MANAGED SUPER FUNDS**

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## INTRODUCTION

At Guidance we help many people establish and manage their Self Managed Superannuation Funds (SMSF's). In the right circumstances, SMSF's offer enormous advantages for people to build their retirement savings in a tax effective way.

We have found that within the community, knowledge of this area is limited, and so have produced this document, in the hope it will demystify SMSF's and make their use more accessible for more people.

# THE BENEFITS OF A SELF MANAGED SUPER FUND

Why is Self Managed Super the fastest growing segment of the superannuation landscape?

**Control** - Your retirement savings are vitally important in giving you choices as to when you retire and the quality of your retirement. We all have busy lives, and most of us don't want to be spending hours and hours reviewing our superannuation savings. But taking some control over the direction of your superannuation investments, and aligning those investments to your own specific circumstances, experiences and preferences, is sensible.

**Investment options** - Within certain rules, the investment options available to SMSF's are very large. Of course shares are an option, as is residential and commercial property. Collectables and precious metals can also be included in a portfolio. Term Deposits and other fixed interest securities are additional investments which may form part of the mix.

**Customisation** - There are tax differences within superannuation between when you are building up your savings (accumulation phase), compared to when you are drawing down on your savings in retirement (pension phase). If you purchase an asset in the accumulation phase, and then sell it, your fund will be liable for Capital Gains Tax.

Yet if you hold off on the sale, and sell once in the pension phase, there will be no Capital Gains tax. Now if you are in a large pooled superannuation fund, the fund manager/administrator can't take into account your particular retirement plans and therefore recognise when the most tax effective time to buy or sell is. But with an SMSF, this is precisely what you would do.

**Personal Insurance** - Where you have a need for life insurance, superannuation is a very attractive vehicle in which to arrange this through. With an SMSF you have the flexibility to choose whichever insurer gives you the best deal.

**Cost control** - Particularly as your SMSF balance grows, it is likely that the costs of administering your retirement savings will decline as a proportion of your balance. This is because services such as tax returns, audits, and our Administration Service, are flat costs, whereas most superannuation funds charge a single percentage based fee calculated on the balance of the fund. Remember also that a SMSF can have up to 4 members, helping reduce the costs for all.

SMSF's also provide you with investment transparency. So if you would prefer that your retirement savings are invested to have no exposure to the fossil fuel industry for instance, this can be done. **SMSF's are perfectly suited to those who want to invest within ethical parameters.**

# COMMON SMSF

## MYTHS

### **You need a large amount of superannuation to make SMSF worthwhile.**

Whilst it is true that SMSF's are not typically suited to small superannuation balances, it is important to remember that a SMSF can have up to 4 members. Combining a husband and wife's super savings into a single SMSF is common, and it could be broadened further to include other family members.

Also, SMSF's can now borrow (see below), which has the potential to raise the balance of your account considerably. As a rough guide, a SMSF is usually not economical where the total value (including borrowings) is less than \$200,000, though there can be cases where they are established with a smaller balance initially.

### **SMSF's can't borrow, making property investment unaffordable for most people.**

Since September 2007, SMSF's have been able to borrow. Professional advice is essential in this area however the opportunities presented are enormous. By being able to borrow, SMSF's are better able to diversify their portfolios, and residential and commercial property becomes far more accessible.

### **Running my own super fund will take up hours of my time.**

Certainly there are people who take on the running of a SMSF as something akin to a hobby. Avoid these people at parties. Once established, our clients would typically spend 2 to 6 hours per year in discussion with us regarding the administration and compliance of their fund. That is all that is required.

### **You need to be an investment expert to run your own super fund.**

No, but you will need some professional help. We work with you to tailor a specific investment strategy to your needs, goals, and preferences.

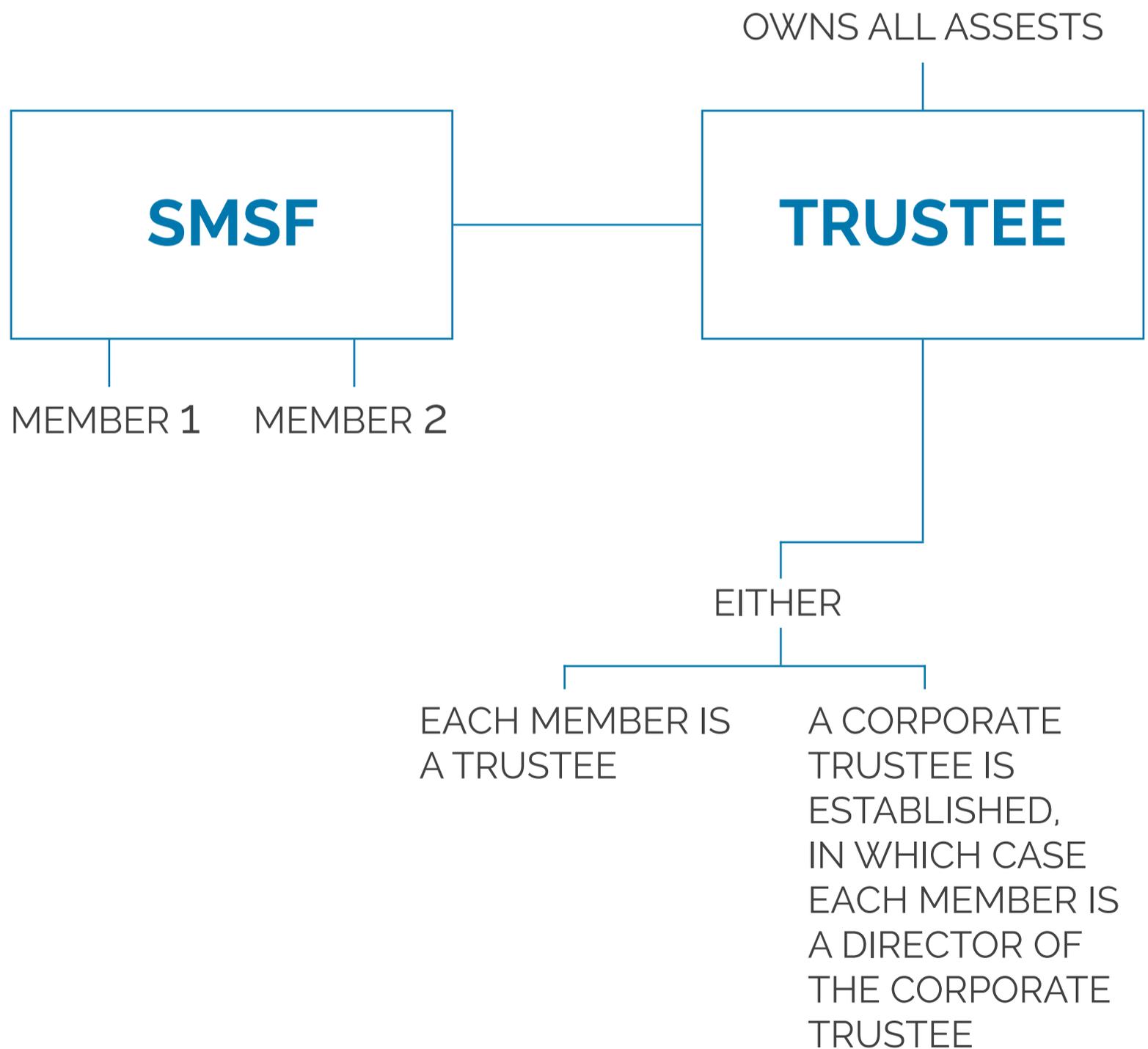
### **The paperwork involved in running a SMSF is onerous.**

Depending on the investments you hold, paperwork can be significant. That is why we offer an administration service to our clients. Under this service, all of your paperwork comes to our office where it is scanned. At the end of each financial year your original documents are bound and sent to you. We can either arrange to have your tax return and audit completed, or send scanned versions of your paperwork to an accountant of your choice.

At Guidance, we help our clients establish their Self Managed Super Fund, and then support them through our Administration Service and On-going Advice Service. In this way, clients gain the many advantages of operating their own super fund, without all the burdens which can be associated with taking on this responsibility.

**Contact Guidance on 03 9870 6544,  
or [mail@guidancefs.com.au](mailto:mail@guidancefs.com.au) .**

# THE SELF MANAGED SUPERANNUATION FUND STRUCTURE



**ABOUT**

**GUIDANCE**

At Guidance we work with you to tailor a financial strategy to your specific needs, goals, and preferences.

Our principal Paul Benson, has attained the highly sought after SMSF Specialist Adviser (SSA) accreditation issued by the Self Managed Superannuation Fund Professional Association of Australia (SPAA).

In order to gain this standing, Paul was required to demonstrate the highest level of skill, knowledge, and professionalism in respect to Self Managed Super Fund advice, and agree to meet onerous on-going education requirements.

This SSA accreditation sets Paul apart from most people offering advice in the Self Managed Super Fund arena, and should provide confidence to our clients that at Guidance, we take the advice of Self Managed Super very seriously indeed.

You may be interested to read our Investment Philosophy document, which explains how we go about managing our clients investment portfolios.

For a copy, send us your details via email, with a simple note requesting the Investment Philosophy document.

**Contact Guidance on 03 9870 6544  
or [mail@guidancefs.com.au](mailto:mail@guidancefs.com.au)**

# WHAT NEXT?

If you would like to explore the possibility of moving to a Self Managed Superannuation Fund, complete the form below and email, fax or post it back to us:

## ATTN: Paul Benson - Guidance

Name \_\_\_\_\_

Phone Number \_\_\_\_\_

Email \_\_\_\_\_

I am interested in (please tick):

Establishing a SMSF	_____
Engaging Guidance to help me manage my existing SMSF	_____
Developing a holistic financial plan	_____
Another matter	_____

Preferred appointment (please tick):

At Guidance's Essendon office	_____
Via Skype video call	_____
Via Phone	_____

Email: [mail@guidancefs.com.au](mailto:mail@guidancefs.com.au)

Fax: 03 9337 0310

Mail: 11/207 Buckley St, Essendon VIC 3040



**Contact Guidance today**

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