

WHY ARE SMSFS SO POPULAR?

A popular choice for managing superannuation is to take personal control via a self-managed superannuation fund (SMSF). So, what's the attraction?

CONTROL

With SMSFs, all members of the fund are also trustees and are therefore responsible for all decisions. They are required to manage the fund in accordance with current superannuation laws.



COST SAVINGS

SMSF fees are usually fixed whereas retail super funds are charged as a percentage of the account balance so for accounts over for example, \$250,000, it may be more cost effective to establish an SMSF than to use a retail fund.



FLEXIBILITY

Trustees can seek the assistance of administrators and licensed advisers to help them meet and maintain their legal responsibilities in the running of their fund or they can do it all themselves.



TAXATION

SMSFs can allow trustees to take a more tailored approach to managing taxation, especially when it comes to capital gains tax.



INVESTMENT CHOICE

A much wider range of investments is available to trustees than may otherwise be offered by retail or industry funds. This allows maximum flexibility in investment selection, especially for geared investments and non-traditional assets like artwork and certain types of landholdings. There are, however, strict rules that govern how personal use assets and collectibles held in SMSFs are stored.



INSURANCE

SMSFs can hold life, temporary and permanent disability insurance on their members. This can be a tax-effective way of managing both the cost of the insurance and any future insurance payouts.



DIRECT PROPERTY

An SMSF can invest in direct property, whereas retail funds usually cannot. In addition, a business property owned outside superannuation can be transferred into an SMSF. For many self-employed people, having their SMSF own their business premises can make financial sense.



ESTATE PLANNING

The trust deed for an SMSF may allow for binding death benefit nominations. A will can be challenged in court, but under a properly executed binding death benefit nomination trustees must pay a death benefit as directed. This can provide greater certainty in the distribution of assets.

Despite the detailed legal responsibilities attached to SMSFs, it is clear that many people find the ability to manage their retirement nest eggs highly rewarding. Although there are many things to consider when converting your super funds to an SMSF, the added choices, flexibility and cost effectiveness may outweigh the additional time taken for administrative purposes.

NEXT STEPS

Get in touch with Enrizen via email or phone to determine if a SMSF might be right for you



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