

Managing your own superannuation fund can allow you to have much more control over your money and can help to ensure your retirement dreams become reality. Setting up and managing a Self Managed Superannuation Fund (SMSF) can seem rather daunting however Rubiix can help you through every step of the process. Many of Rubiix clients have minimised their tax and secured their retirement future by investing in their own Self Managed Super Funds.

The basics

The purpose of a self-managed superannuation fund is to manage and maintain the funds held by the trustees for the **sole purpose** of providing benefits to members upon their retirement, or their dependants in the case of a member's death before retirement. The trustees must comply with this sole purpose test in order to attract the taxation concessions available to a complying superannuation fund.

Amendments to the *Superannuation Industry (Supervision) Act 1993 (SIS)* have changed the definition of superannuation funds with fewer than 5 members. These funds are now known as Self-Managed Superannuation Funds (SMSFs) providing they meet the requirements of the new definition. These Funds are regulated by the Australian Taxation Office (ATO).

A Superannuation Fund, to be a Self-Managed Superannuation Fund (SMSF) must meet the following conditions:

- ✓ Have *less* than 5 members (*4 maximum*)
- ✓ Each individual trustee of the Fund is a Fund member (except for in the case of one member and two trustees)
- ✓ Each member of the Fund is a trustee
- ✓ No member of the Fund is an employee of another member of the Fund, unless those members are related
- ✓ No trustee of the Fund receives any remuneration for his or her services as a trustee

A Self-Managed Superannuation Fund can also have a company as a trustee (known as a corporate trustee).

The advantages of setting up a Self-Managed Superannuation Fund

- ✓ Control (*you choose how your assets are invested*)
- ✓ Flexibility (*investments that suit you*)
- ✓ Tax savings (*15% tax rate*)

Further advantages in running one's own superannuation fund are:

- ✓ Greater investment freedom
- ✓ A feeling that the monies are safer, being invested by the trustees
- ✓ Active participation in the management of the fund

A self-managed super fund may provide you with greater flexibility of benefits when you retire, such as combinations of lump sum and income stream payments (e.g. Account based pension) depending on your choice of Trustee(s).

Setting up an SMSF

There are a number of details to consider when setting up your self-managed superannuation fund, including, Superannuation Fund name, Number of members and the Trustee (individual or company).

There are also a number of trust law and legislative requirements when setting up an SMSF and the choice of Trustee will depend on your circumstances.

Rubiix has vast experience in setting up SMSFs and can discuss further requirements and the advantages and disadvantages of an individual trustee versus a corporate one.

Managing Investments

Trustee(s) and members of the self-managed superannuation fund must keep money and other assets of the fund entirely separate from their own personal assets. Therefore *The Fund* must set up its own separate bank account.

Investment management is a key area of responsibility for the trustee(s) and there are certain duties and responsibilities when making investment decisions which are aimed at protecting member's benefits over time for retirement purposes.

There are restrictions on some investment practices which aim to protect Fund members by making sure Fund assets are not overly exposed to undue risk.

Rubiix will sit down with you and work through the requirements and duties trustee(s) must follow to manage the investments of *The Fund*, including any restrictions on investing the *Fund's* money/assets.

Administrative Obligations

There is a range of administrative obligations imposed on self-managed superannuation funds. Trustees are responsible for ensuring these obligations are met. Failure to do so may result in the trustees being fined and may also jeopardise the Fund's eligibility for tax concessions.

The Fund must keep for 5-years all accounting records that comply with accounting guidelines for true and accurate accounts.

Rubiix will guide you through all the administrative and reporting requirements for a SMSF.

Considering a Self Managed Superannuation Fund involves some quite complex topics and areas. The Rubiix team has the experience and the knowledge to walk you through each facet of undertaking a *Fund* and understanding more about your obligations and requirements, including during the set up phase and annually.

You can be rest assured, with our team at Rubiix. We are fully qualified, experienced, certified business accountants who apply close attention to the detail and who take pride in producing first rate outcomes for our clients.

Contact us for further details: enquiries@rubiix.com.au