



Australian Government
Australian Taxation Office



Is self managed super right for you?

Four key questions that could help you decide.

Your super is your investment for your retirement. 'Look before you leap' is good advice if you're thinking of switching to a self managed superannuation fund (SMSF). SMSFs are great for some people but they don't suit everyone. These four key questions from the Australian Securities and Investments Commission and the Tax Office could help you decide if self managed super is the right decision for you.

QUESTION 1: IS THE FUND STRICTLY FOR RETIREMENT BENEFITS ONLY?

- The assets and money in your fund are strictly for retirement benefits only, not to run a business or to benefit you or anyone else outside the fund. The personal use of holiday homes, art to decorate your house, and your golf club membership almost certainly won't comply.
- Avoid illegal schemes that try to get your super money out early, and save yourself from getting cheated and from heavy tax and legal penalties. These schemes are sometimes promoted by word of mouth or shady advertising.
- The Tax Office and ASIC will take action against those involved in illegal early access schemes. ASIC will act against those who provide unlicensed financial advice.

QUESTION 2: DO YOU HAVE TIME AND SKILLS?

- 'Self managed' super means you do the work. Before you start, make sure that you've got the time to manage your own super. Many people find it hard enough keeping up with their current super.
- You must work out an investment strategy. Then you must select and manage investments well enough so they grow in value and meet your fund's investment objectives. Some assets may need to be insured.
- You must be a trustee of your own fund. Even if you get help, you remain legally responsible. Make sure the fund is correctly structured, keeps meticulous records, and meets all reporting requirements (such as income tax and regulatory returns, and reasonable benefit limits).

QUESTION 3: WILL THE BENEFITS BE WORTH THE COSTS?

- Many commentators suggest you need around \$200,000 in super to make the costs of a SMSF worthwhile. They say that with less than this amount, the fund may have difficulty earning enough to make set-up and running costs worthwhile.
- SMSFs can typically cost around \$1,700 to run each year, and quite often cost more. Running costs include audit and regular reporting requirements.

QUESTION 4: HOW WILL SWITCHING TO A SELF MANAGED FUND AFFECT YOUR CURRENT SUPER?

- Changing funds means changing benefits, services and fees. Make sure you don't leave yourself without life or other important insurances and compare costs. Keep fees and charges down.
- If you can't figure it out by yourself, get professional help from a licensed financial advisory business. Licensed advisers are trained to consider your personal situation and to recommend a suitable product for you. By using a licensed business, you get extra protection if anything goes wrong.
- Tax agents or accountants can help you set up a SMSF. But they must not advise you about which super fund best suits you or which investments should be in your fund, unless they're also a licensed financial advisory business. (Some accountancy businesses do hold these licences, but many do not.)

➤ MORE INFORMATION

- The Tax Office has SMSF guides including *DIY Super: It's your money... but not yet!* (NAT 11393) and *Self managed superannuation funds: Role and responsibilities of trustees* (NAT 11032).
- The self managed superannuation fund pages on the Tax Office website at www.ato.gov.au/super
- ASIC's superannuation financial tips and safety checks on ASIC's consumer website FIDO at www.fido.gov.au/super

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