



Self-managed super funds: A suitable path to retirement control?

Self-Managed Super Funds (SMSFs) are a key part of Australia's superannuation system, offering control over retirement savings. As of March 2025, about 650,000 SMSFs managed \$1 trillion in assets – a quarter of the \$4.1 trillion superannuation pool. Let's take a quick look at who uses SMSFs, why they're chosen, costs and setup essentials for those considering this option.

Who uses SMSFs?

SMSFs attract people who want to manage their retirement funds. As of March 2025, there were around 1.2 million SMSF members. About 68% of funds have two members (often couples), 25% have one member, and 7% have three to six members. Most members (85%) are over 45, with the average member holding over \$800,000 in assets.

Why choose an SMSF?

The main appeal of an SMSF is control. Unlike industry or retail funds, SMSF members act as trustees, tailoring their investment strategies. This allows investments in assets like real estate, cryptocurrencies, or unlisted assets, often unavailable elsewhere.

SMSFs also offer transparency and tax benefits. For example, trustees can time when they sell assets and realise profits. SMSFs also provide flexibility in estate planning with bespoke binding death benefit nominations not ordinarily offered by large super funds.

Setting up and ongoing administration

Creating an SMSF involves some paperwork but is manageable with clear steps. Working with an SMSF professional can make the process smoother and ensure everything is set up correctly.

Here's how to get started:

- » **Choose Your Trustee Structure:** Opt for individual trustees (up to six, with all members as trustees) or a corporate trustee (members as company directors, each needing a Director Identification Number from the Australian Business Registry Service). For single-member funds, individual trustees require a second trustee, and members can't be employees of each other unless related.
- » **Verify Trustee Eligibility:** Ensure no trustee is bankrupt or has a dishonesty conviction.
- » **Create a Trust Deed:** Work with a professional to draft a trust deed outlining your fund's rules, ensuring compliance with superannuation laws.

continued on page 8 ➡

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.



What to expect from tax reform... cont

Major tax reform has always been challenging because it invariably involves winners and losers.

All taxes have a negative impact on economic activity. Taxing something means there will be less of it, but the “dead-weight” cost of imposing a consumption tax is less than it is for income tax, resulting in increased economic activity, which boosts the tax base while improving living standards.

While the Treasurer has signaled he is not attracted to increasing the GST's base or rate, he wants to avoid ruling anything in or out at this early stage. The Prime Minister has no such qualms and has made it clear in recent comments that the GST will not be increased on his watch. The rule in/rule out game is off to an early start.

Major tax reform has always been challenging because it invariably involves winners and losers. The losers tend to be well represented and loud, while the winners tend to be more diffused and quieter. All these things are built up by the media, who love nothing better than public policy controversy around tax.

And the final obstacle to comprehensive tax reform is that, in the context of deficits stretching as far as the eye can see, there is no spare money with which to compensate the losers.

Whether the Roundtable can agree on other tax policy changes that can be fairly labeled as reform remains to be seen. We wish the Treasurer well in his endeavours, but we won't be expecting any miracles. 💰

Self-managed super funds:

A suitable path to retirement control?... cont

- » **Establish an Australian Fund:** Set up the SMSF in Australia, with management and assets based locally, to meet Australian super fund requirements.
- » **Register with the ATO:** Within 60 days, apply for an Australian Business Number (ABN) and Tax File Number (TFN) through the Australian Taxation Office (ATO).
- » **Open a Bank Account:** Set up a dedicated SMSF bank account to manage contributions and investments, kept separate from personal finances.
- » **Set Up SuperStream and Investment Strategy:** Obtain an Electronic Service Address (ESA) for SuperStream compliance and develop an investment strategy tailored to your retirement goals.

SMSFs require ongoing management which includes maintaining records, filing annual tax returns and conducting audits. An SMSF professional can help you stay compliant and make the most of your fund.

Costs involved

SMSFs can involve significant administrative work and be time-consuming to manage. Professional advice and administration can increase expenses but reduce workload. Keep in mind that insurance premiums, such as life or disability cover, are typically higher in SMSFs as they do not benefit from bulk discount arrangements. Trustees can lower costs by handling some administration, requiring time and expertise.

Is an SMSF right for you?

SMSFs offer control and flexibility, ideal for those with financial literacy, time, and larger balances, as lower balances may not justify the associated costs. However, they also come with responsibilities, including the risk of potential investment losses and the need to meet compliance obligations. If you're considering an SMSF and want to understand more about how they work, feel free to give us a call – we can help you explore whether it might be a suitable structure for your needs. 💰

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.