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*“Financial Advice for Busy Professionals”*

## **E-Book: Advantages & Disadvantages of Self Managed Super funds**

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P. Po Box Q1706  
QVB NSW 1230

A. Level 12, 61-63 Market Street  
Sydney NSW 2000

P. 1300 505 565  
F. 02 8079-1180

## **Advantages of Self Managed Superannuation Funds- SMSF**

### **Control over your investments**

You have a direct input into how your retirement savings are invested and can personally tailor an investment strategy that best suits your needs.

According to research carried out by Australian Securities Exchange in 2006, about 7.3 million people (or 46%) of the Australian population owned shares, either directly or indirectly via a managed fund or self managed superannuation fund (SMSF). Of these, about 6 million people (or 38% of the population) were direct investors.

### **Investment Flexibility**

You have access to a larger variety of investment products than a traditional industry, retail or Wrap super fund. Assets usually held in a SMSF include shares, bonds, managed funds and even residential and commercial real estate

### **Structure Flexibility & Tax effectiveness**

You have the ability to roll the fund into an account based pension or transition to a retirement pension and still retain investment flexibility and control over the funds. This includes not selling assets with high levels of capital gains until retirement when the SMSF would commence a pension, hence being able to make the most of the capital gains tax free nature of assets sold in the pension environment.

### **Cost Effective SMSF**

Investors with over \$150,000 in assets in superannuation may incur lower administration costs than they would using a traditional retail superfund. As the fund assets accumulate further, this will become increasingly more evident.

### **Estate planning strength**

A SMSF can be passed on tax effectively to dependant beneficiaries, including spouses or young dependants. By introducing younger members of a family to the family SMSF and with prudent contribution strategies, it may be possible to build up the fund to provide cash benefits to older generations and preserve assets used in the family business, such as real estate.

### **Bankruptcy protection**

In the event of bankruptcy, assets held within the fund are also protected from creditors assuming that amounts transferred into superannuation cannot be proved to have been done so to defeat creditors. If they can be proved, they can be clawed back under strengthened bankruptcy legislation.

### **Fund Portability**

Unlike employer sponsored funds, where a change of jobs or career can lead to having to setup a new fund or consolidate existing funds, a SMSF is flexible enough to follow you throughout your working life.

## Disadvantages of Self Managed Super Funds - SMSFs

### **Set up Costs of SMSFs**

A SMSF has some initial set up costs that a retail or wrap fund does not. This can vary between \$1,000 - \$3,000 depending on the complexity, purpose, flexibility and assets you intend to hold within the fund.

### **Responsibility of SMSF Trustees**

As you will be either the trustee of the fund or a director of a corporate trustee of the fund, you are responsible for the administration, investment and ongoing compliance of the fund. Any breaches of government regulations may result in your fund's assets and income being penalised at the top marginal tax rate. In extreme breaches, trustees may also incur fines or jail terms.

A Navigate Financial Services Sydney adviser working closely with your current accountant (or one of our recommended partners) can assist you in ensuring that you make the most of your current or newly established SMSF and help to keep you and your fund compliant.

### **Increased costs for smaller SMSF funds**

SMSF's with less than \$200,000 in assets will usually incur greater administration costs than they would have if they had a public industry, retail or Wrap fund.

### **Lack of investment expertise SMSF**

Retail funds are managed by professional fund managers who may offer a higher level of investment experience and expertise.

You can offset this disadvantage by engaging the services of an experienced Navigate Financial Services Sydney Financial Adviser accredited to provide specific SMSF advice.

### **Time Involved**

Ongoing Management and administration of the fund's investments can be time consuming. Navigate Financial Services Sydney has a number of service packages to assist client's use the level of service they require to help them make the most of the advantages of setting up and owning a SMSF. This will leave the trustees free to concentrate on their lifestyle, work and family with the full comfort of knowing they have an experienced and trusted professional looking after their best interest and that of the fund's other trustees.

**For personal financial advice on whether setting up a Self Managed Super fund (SMSF) is appropriate for you, contact a Navigate Wealth Adviser on Ph. 1300 505 565 to arrange a complimentary consultation today.**

## Who are we and what makes us different?

- We are a financial advisory practice that has its own Australian Financial Services Licence and we are **independently owned**. We are not owned or licenced by any bank or Financial Institution.
- We are **not a one stop shop**, as we believe you get truly independent & conflict free advice that serves your best interest only when you separate the source of your financial, taxation and legal advice.
- Our advisers all have **industry leading qualifications** of Post Graduate Diploma or Masters Degrees in financial planning and have undergraduate degrees in technical fields of Economics or Applied Finance. We are also experienced & experts in self managed super fund set up, operation, ongoing compliance and advice.
- Our advisers are also **experienced property investors and licensed property buyers agents** (via our sister company Navigate Property Pty Ltd Buyers Agents Licence 1596464). This means we are paid by you, the client not by the seller or vendor of a property as normal real estate agents and some financial advisers in the market place. We believe you cannot receive advice on direct property free from conflicts of interests unless we are paid by you, our client.
- We aim to build a personal and long term relationships with our clients. We often see our busy clients at their homes, their work place, at a coffee shop or at our offices located in the Sydney CBD and Parramatta CBD. Our Advisers are **easily contactable** on their mobile phones, after normal business hours and on weekends.

**Take this opportunity to call Ph 1300 505 565 to book a convenient time to meet with one of our Financial advisers.**

Level 12  
61-63 Market Street  
Sydney NSW 2000

[www.navigatewealth.com.au](http://www.navigatewealth.com.au)