



Self Managed Super Funds (SMSFs)

What is an SMSF?

- A SMSF has less than four members and each member of the fund must be a trustee or a director of the trustee company.
- It is a family wealth-planning vehicle that provides significant tax planning and asset protection benefits.

Set Up Procedure and Cost:

- **HYD Advisory charge a fixed fee to establish the SMSF and trustee company.** This includes meeting with you to explain the operational requirements of the fund.
- Helping you with rollover of your existing accounts into the fund.
- Assisting with establishment of bank account and developing your investment strategy.

General Comments:

- SMSFs are becoming increasingly popular. Allows you to 'take control' over where to invest your retirement savings.
- SMSFs are a particularly effective tax planning tool when acquiring real estate and many of our business owners have used this structure to facilitate the purchase of their business premises.
- This may be the ideal structure for business people looking for asset protection and a great tax- planning vehicle for investing long-term.

For more information on Self Managed Super Funds, contact HYD Advisory.

Directors: Jon McInnes, Mark Pinhorn

Address: Suite 3, 284 Belgrave Esplanade
Sylvania Waters NSW 2224

Postal: Locked Bag 5002,
Sylvania Waters NSW 2224

Advantages:

- **Asset protection** - investment assets of the fund are protected and safe from creditors in the event of personal bankruptcy and/or business failure. Allows you to 'take control' of your fund.
- **Low income tax rate** - earnings are taxed at a maximum rate of 15% vs maximum personal tax rate of 47%.
- **Low capital gains tax rate** - investment assets sold after a period of at least 12 months ownership are subject to a maximum CGT rate of only 10% vs maximum personal tax rate of 23.5%.
- **Family wealth planning**- SMSFs can be "multi-generational" wealth planning vehicles whereby parents and their children can be involved and benefit.
- **Retirement planning**- in retirement earnings of the fund may be entirely tax free. This means nil tax payable on investment earnings and on capital gains following disposal of assets.
- **Ability to pay tax-free pensions** -to members in "retirement phase."
- **Ability to borrow to purchase commercial or residential property** - providing significant wealth creation and tax saving opportunities.

Disadvantages:

- **Establishment cost, ongoing maintenance and compliance requirements** - however, HYD Advisory make this easy for you.
- **Trustee responsibilities and duties** - HYD Advisory explain the requirements to you in a simple and easy to understand way in "plain English."
- **Funds locked away until retirement** - however, this is probably an advantage in that superannuation is a forced saving.