

TAX TALKS

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177 | Investing Super in Property

Investing super in property is a popular strategy. But how exactly do that? What options do you have?

Investing Super in Property

Investing super in property is not always straight forward. Especially if your super is not enough to buy the whole property. So we asked Peter Bobbin of [Argyle Lawyers](#) in Sydney about the options we have. Here is what we learned but please listen in as Peter Bobbin explains all this much better than we ever could.

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Five Options

Let's look at five options to invest super in property. But please read all this for your entertainment and don't rely on it. Your adviser will be better placed to give you specific advice.

1 Managed Property Fund

The first option is to just invest your super into a managed property fund. If your super is not in an SMSF but in an industry or government or retail fund, then that is usually the only option you have.

2 Add Another Member

The second option is to bring another cashed-up member directly into your SMSF so that your SMSF has the cash it needs to buy the property.

Let's say you have \$0.5m in cash sitting in your SMSF and you bring in another member who also has \$0.5m. Your SMSF can then buy a property for \$1m.

3 Acquire as Tenants in Common

The third option is to have your SMSF jointly buy the property with somebody else as tenants in common. And this other entity might be you or another member or a business partner or somebody else.

If it is you or another member, you or they can then contribute further tranches of the property into the SMSF as the contribution caps and bring forward rules allow.

4 Use a Unit trust

The fourth option is to have a unit trust buy the property and then your SMSF and other SMSFs or entities acquire units in this unit trust.

5 Use an LRBA

And the fifth option is to have your SMSF buy the entire property and then to finance any shortfall with funds outside the SMSF through an LRBA – either with a loan from you or another member or a third party like a bank.

So these are five options to invest super into property and which ones are available and most suited for your circumstances depends on how much cash you have inside and outside of super as well as the cash other members or third parties might have and whether they are willing to join forces with you and your SMSF. So it all depends on your actual circumstances, so please ask your adviser for more insights.

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