

# TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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## 224 | Why an SMSF

Why an SMSF – 15 factors to consider.

### Why an SMSF

In late 2019, Kathy Evans of [Findex](#) published an article titled 'Why an SMSF is a substantive structure option for your superannuation'. In this episode, going through her article, Kathy will discuss 15 factors.

Here is what we learned but please listen in as Kathy explains all this much better than we ever could.

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### Why an SMSF

In recent times 'SMSF Bashing' has become a popular sport among the media. And while it is true that an SMSF is not right for some people, it is also right that it is a great option for many others. So it is time to sit back and consider why an SMSF might be a great option for some.

#### # 1 Control

The fund's investment strategy and investment management is in your and your fellow members' hands. You are your SMSF's trustee or trustee director. You are in control.

#### # 2 Increased Engagement

A retail or industry fund can feel like a big black box where your super disappears, never to be seen again. An SMSF can make you feel more engaged with your super.

#### # 3 Ease of Making Contributions

Making contributions into your SMSF is usually just a simple bank transaction. Making contributions into a retail or super fund requires a bit more brain power – you often have to use a specific BPay or reference number and follow the fund's processes.

#### # 4 Pooling of Funds

In an SMSF you can pool your super with others close to you.

## **# 5 Estate Planning**

In an SMSF you can distribute specific assets to beneficiaries as part of your estate planning.

## **# 6 Direct Investments**

In an SMSF you can invest in specific assets, like property, unlisted or listed shares, artwork, antiques and so on. In a retail or industry fund you usually can't invest in a specific asset but just a managed fund that covers that asset class.

## **# 7 Acquisitions from Related Parties**

An SMSF can purchase property and listed shares and units directly from a related party.

## **# 8 Lease of Property to Related Parties**

An SMSF can lease commercial property to a related party on arm's-length terms.

## **# 9 Agility of Investments**

Your SMSF can act as you see fit as long as you stay within the SIS regulations. You can actively trade shares or develop property. There is no tedious process to go through, no approval application to be lodged, no time lost until the approval comes through.

## **# 10 Flexibility of Pension Payments**

Once you have met a condition of release, an additional pension payment is a simple bank transaction. In a retail or industry fund this usually takes a bit more time.

## **# 11 Maintaining Accumulation and Pension Accounts**

You can have an accumulation as well as a pension account. In fact, you might have several pension accounts.

## **# 12 Capital Gains Tax Planning**

Since you own specific assets within an SMSF, you can plan the CGT implications around specific assets.

## **# 13 Investment Strategy**

You are in charge of your fund's investment strategy.

## **# 14 Structuring Family Wealth**

An SMSF can be an important structure within your family group. It can be an important building block next to your business and family trust.

## **# 15 Personalised Advice**

In a retail or industry fund you are a small fish in a big pond. You are a number. In your SMSF there is just you and possibly three other members. As a result, you can receive personalised client service from specialists in their field tailored to your particular circumstances. You don't get an automated phone message when you call.

## # 16 Lower Fees

Professional fees are usually not linked to your fund's account balances. So the higher your account balances, the greater your cost efficiencies.

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So these are 15 factors to consider when you deciding whether an SMSF might work for you or your clients. But please listen to this episode since Kathy Evans goes into a lot more detail.

## MORE

[SMSF Depreciation](#)

[LRBA Safe Harbour Rules](#)

[SMSF Buys Property Jointly](#)

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