

Top 10 tips Setting up an SMSF

Establishing an SMSF requires the skills of a variety of professionals, potentially including a financial adviser, lawyer and accountant. It is important that all the applicable issues are given due consideration and the various requirements are correctly implemented.

When establishing an SMSF you will be required to consider and decide on a number of matters, some of which will be simple and others of which will require more thought.

The following tips outline some of the key considerations and activities involved in setting up an SMSF. Please note this is not a comprehensive list and professional advice should be sought to cater for your personal situation.

1. Obtain consent by trustees and directors

Trustees or directors of corporate trustees need to consent in writing to their appointment, indicating awareness of their responsibilities.

2. Open a bank account

To establish the SMSF as a trust, usually a small contribution is made into the fund bank account when the trust deed is executed. Further contributions and transfers can be made into this bank account as required.

3. Elect to be regulated and apply for the fund's TFN and ABN

This non-revocable notice advises the regulator (the ATO) that the fund elects to be subject to the Commonwealth laws and will, therefore, be entitled to concessional taxation treatment as a complying superannuation fund. You can apply for the TFN and ABN in the same request.

4. Register for GST

Registering for GST enables a superannuation fund to claim reduced input tax credits on financial supplies provided and input tax credits on taxable supplies.

5. Accept members and consider provision of PDS

Trustees should make a decision to accept the members of the fund. A PDS, if required, is generally prepared by the SMSF trustee with assistance from the legal practitioner who created the trust deed, the financial adviser who assisted with the SMSF investment strategy and other relevant advisers.

6. Rollover benefits from other super funds

There are various considerations involved when moving benefits to an SMSF. A financial adviser could provide you with advice about the implications of moving your existing superannuation benefits to your SMSF.

7. Transfer existing insurance or set up new insurance

Ensure the SMSF applies for the appropriate types and levels of risk insurance, for example: life insurance, total and permanent disability (TPD) insurance and/or disability income insurance (also known as income protection insurance).

8. TFN collection

Record the TFN for each member. This will ensure the SMSF can receive member contributions and avoids additional tax being paid on employer contributions.

9. Accept death benefit nominations for members

A death benefit nomination states who the member wishes to receive their superannuation benefit on death. Note there are limitations on who can receive a death benefit and different tax treatments apply to different types of beneficiaries.

10. Prepare an investment strategy

An important establishment responsibility for an SMSF trustee is formulating and giving effect to an investment strategy that has regard to the whole of the circumstances of the fund.

More information

Our 'Self Managed Super Funds: from set up to wind up' booklet has further information on the above steps to help set-up your SMSF. To view this booklet, go to: Macquarie.com.au

Please consult your financial adviser if you would like further support on the best approach for you.

This document is dated November 2012 and is subject to change without notice. We recommend you seek professional advice about any changes, including changes to the Law, which may affect the contents and information provided. This document is only intended as a general guide to some of the issues involved with self managed superannuation funds (SMSFs). There are a variety of super and retirement options which may be better suited to your objectives, financial situation or needs. Decisions should only be made after seeking appropriate independent professional advice.