



SPECIAL REPORT

The Top 10 Reasons to Set up a Self Managed Super Fund

By Michael Savy

Introduction

In just five years, from 2005 to 2010, the number of Self Managed Superannuation Fund (SMSF) grew by 47%* (compared to the growth in superannuation assets within industry and retail funds of 23%* and 21%* respectively). And, over this same period the average net establishment (that is new funds established less funds that were wound up) was approximately 25,000* per annum. So with such a large number of new funds being established year on year it begs the question; what is it and why has it become so popular?

What is a Self Managed Super Fund (SMSF)?

Simply put, a SMSF is a superannuation fund that is established by an individual (or up to 4 individuals) who act as both the trustee(s) of the fund and who is also a member(s) of the fund. The dual requirement of having to act as the trustee and also be a member of the fund effectively ensures that control of the fund is retained within the hands of the member(s).

It is this 'control*', along with a number of other reasons, that has resulted the strong growth in the number SMSF of the last few years. So what are some of the reasons that attract so many individuals to SMSFs?

10 Reasons to Set Up a SMSF

No. 1: Control

The role of the trustee within a SMSF is significant. The trustee of the fund ultimately has the responsibility of making decisions relating to not only the investments within the fund but to other areas such as the level of risk the fund takes, the disbursement of benefits such as death benefits or the payment of pensions. As a result of this, the trustee/member of the fund, within the constraints of the relevant state, federal and trust law, has the discretion to make decisions that determine the direction the fund takes to ensure that it is positioned to deliver the intended outcome for members.

Invariably, by taking control of the decision making process the level of engagement and interest in superannuation naturally increases for members. Whilst certain aspects of running the SMSF can be outsourced and external advisers be consulted, the decisions are ultimately the responsibility of the trustee/member. This may seem a big responsibility to some but, based on the statistics, many Australians are deciding to take on this responsibility and take control of how their retirement will look.





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