

COMMON QUESTIONS AND ANSWERS REGARDING SMSFS

1. *What is a SMSF?*

It is simply a type of superannuation that you get to manage yourself. We can set it all up for you, roll your money over into a bank account owned by your SMSF and CONTROLLED by YOU. Once the money is in the bank account you can choose where to invest it.

2. *What are the advantages of an SMSF?*

CONTROL – you control it and you decide where to invest

FLEXIBILITY - it is controlled by you so you can take action with it very quickly, you don't need to wait on hold for hours to speak to an external provider, or fill in copious complex forms for every action you take

SAFETY – I believe it is safer as you get to choose your investments

TAXATION – only 15% tax on income and TAX FREE after age 60

FAMILY WEALTH – the whole family can join the SMSF (up to max 6)

FEES – if your balance is more than \$200,000 you may pay less fees to manager

LEVERAGE – you can borrow to buy property

3. *What can an SMSF invest in?*

Property

Gold/Silver

Cryptocurrency

Cash

Shares

Property Investment Trusts

Any investment that is a good investment for your retirement

4. *What can I name my SMSF?*

You can name your fund pretty much anything. The most common naming is *Last name Super Fund* or *Last name Superannuation Fund*. But you are more than welcome to call it something else; if we think the name is not suitable Tyler will reach out and let you know.

4. *How long does it take to setup the SMSF?*

Currently it is taking between 4-7 weeks depending on whether the ATO intervenes on the fund as well as how other APRA Funds (HESTA, Australian Super, ART etc.) react to rollover requests. Everyone in the team is working hard to ensure we setup the SMSF's in the quickest time possible whilst still ensuring it is done correctly.

5. *Who pays the SMSF Setup fee?*

The SMSF setup fee of \$2,200 is paid out of the SMSF bank account once your SMSF is setup. We will not invoice until the rollover is complete and your SMSF has money to pay the fee. Half of the fee is also deductible for the SMSF.

6. *How many members can a SMSF have?*

Minimum of 1
Maximum of 6

7. *How safe is an SMSF in comparison to retail funds on the market (REST, Host, AMP etc)*

Well.... A SMSF is controlled by you. So its as safe as you as you invest in good investments. Compared to the retail funds where you have little control over what you are invested in.

8. *How much does it cost?*

\$2,200 to set up
Around \$3,500pa to run.
There are no hidden fees, no hidden investment ratio's, no catches.

9. *Is there a minimum balance for a SMSF?*

No there is not. However, the ATO will try and stop any fund with a too low a balance. So it is best to have around \$200,000 however we have set up funds with as low as \$100,000.

If you have less than that, it is best to try and find a few other likeminded people to come in with you.

A SMSF can have up to 6 members. However, most SMSF's are Partners, or partners with their adult children, but we also have SMSF's with Siblings, groups of friends. We find its best not to have too many members – 2-3 works well. That's because you all need to agree on the 'Investment Strategy'. You need to be likeminded and agree on what you want to invest in.

Even though you are joining together, your member account balance is still accounted for separately, so you always know how much super is 'yours'. You can also roll your balance out again at a later stage.

10. *If I go in with others, am I risking anything?*

No, your balance is still tracked separately, and you can move back out of the SMSF at a later stage if you choose.

11. *What about insurances in my current super fund?*

The SMSF admin team will talk to you about your insurances as part of the rollover process. You can choose to keep your existing fund open with a minimal balance to retain your insurances. Once things settle down a little, we can look at getting you financial planning advice on the best insurances for you and move your insurances to the SMSF.

12. *Can a SMSF buy Gold/Silver and store it physically at their own home?*

YES

13. *How long has your firm being doing SMSF?*

20 years

14. *Who do you set the Macquarie bank account up with?*

We use Macquarie Bank to setup the SMSF bank account because they work well with the accounting system we use and there are no setup/ongoing fees for the SMSF. You can make your own bank account with another bank if you wish later down the track.

15. *Why use your firm instead of a cheap online provider?*

Setting up an SMSF, doing the rollovers, setting up the bank account, etc, etc is a very daunting task. The online providers are cheap as they just give you a Trust Deed and then leave you to flounder with the rest.

Our firm does it all for you, from beginning to end, and we are a team in Australia that can answer all your questions, every day. Also, the ATO are intervening and trying to stop the setup of SMSF's. Our firm is very experienced in this and can help.

16. *I'm looking at purchasing \$80k or \$90K on gold and silver (70 /30%). Can you please suggest a few possible ways to buy? E.g Do I get several 1kg gold bars and some 1oz bars and the same with silver?*

There is no real 'rule' or 'guidance' on this, but I personally recommend a mix of gold and silver. 70% Gold / 30% Silver. But you can also go 50%/50% or whatever portion you choose. I do recommend a mix of larger bars and then smaller tradable items.

17. *You mentioned personally going to pick up the metals why is that? I thought having it delivered would be safer.*

This is purely a cost decision. You will find the cost of delivery is worth a day trip to your local city. But if you can't travel or don't want to physically pick it up then yes postage is safe, and it is insured.

18. *Should I move my current super fund into all cash now, until I make my metal purchases?*

I can't answer that as its 'financial advice'. All I can say is that if you move it to a cash strategy then it won't fall in value if the market crashes.

19. *My financial planner says I will lose out if I transfer to a cash investment strategy?*

Your financial planner's remuneration is based around keeping you in the share market. If you move to a cash strategy, he/she loses all their fees. Keep that in mind. And refer to the answer above.

20. *What is the risk of the Government seizing all our gold?*

I can't say there is NO risk at all. But I can say that in my opinion it is extremely low. If the world has come to that stage, I really believe we will be in mad max territory. So, I would say this is the lowest risk of all. Lower than leaving it in the share market, cash in bank or property. But there is always some risk in the financial world.

21. *Does the Audit come and inspect my gold every year?*

No, he will simply ask to see a photo of it to prove you still have it.

22. *Why buy Gold & Silver?*

<https://www.abcbullion.com.au/superannuation-SMSF/smsf-gold>

23. *What's a Directors ID number?*

A DIN is required by the government before we can start the process. It is not the 'digital ID' we are all worried about.

24. *What's this about an ATO Audit?*

The ATO are trying to slow down the setup of SMSFs wherever possible. Who knows why? You will likely be Audited if you have any issues such as

- Low balance
- Withdrawal of money during Covid
- Past tax returns not lodged
- Tax debt

If you are subject to Audit, we can assist every step of the way.

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