

SELF MANAGED SUPERFUNDS INFORMATION SHEET SUMMARY

BENEFITS:

- Control over your own Super money.
- The tax rate on earnings is only 15%.
- Can be cheaper to administer. eg Most Fund Managers charge 1% +. On \$300,000 invested this is \$3,000 pa.
- Can fully utilise Tax Credits that are often lost in Managed Funds.
- Up to 4 people can be members of the Fund.
- After 1 July 2007, if you are over 60 y/o and retired, you can access the funds tax free with no restrictions. Either in lump sums or as a pension.
- After 1 July 2007, if you convert the fund to a Pension Fund (that is take a pension) the earnings are tax free.

DISADVANTAGES:

- You have to be prepared to make the investment decisions.
- No nice quarterly or half yearly reports unless you do them yourself, or ask us to do them.
- No investment advice provided. Unless you source this separately.
- No one to blame if the investments crash. Except yourself.
- More work in keeping investment information for us to prepare accounts and audit.
- As Trustees you are liable for the correct operation of the Fund.

FREQUENTLY ASKED QUESTIONS (FAQ'S):

Is it difficult to run the Fund ? **Not really. We handle all the technical stuff as far as lodging the correct tax returns with the ATO and Auditing the Fund etc. Your main job is to invest the money in the name of the Fund.**

Can I borrow money, to say by a house or shares? **Yes. Now you can. A Superfund can now borrow money as the rules changed recently. However, there are a number of rules to be followed and the structure is not simple. OR, there is still a complex arrangement involving a Unit Trust, where borrowings can be made to buy residential and commercial property or Publicly Listed Investments. eg Shares**
(If interested, ask for a more thorough discussion on this.)

Can I use the money in the Superfund to buy a residential house ? **Yes. In fact, even if you don't have enough to buy it all, you can buy it as "Tenants in Common" with say yourself, and you can borrow the rest of the money. However, this ownership is then fixed and cannot be easily adjusted. OR Now there is also a Property Trust structure that makes borrowing possible.**

Can I transfer investments I have in my own name into the Fund ? **Yes. But not residential property (for some strange reason). Publicly Listed Investments and commercial property are OK. BUT, there is an effective sale, so Capital Gains Tax will apply.**

Can I claim any of this transfer in as a tax deduction ? **Maybe. Depends upon your situation to meet the criteria. Please discuss.**

Can I transfer to this fund from my existing Superfund ? **Yes. This is called a rollover. The main area to be careful of however, is when rolling over Commonwealth Employee Super. This would need careful consideration as it is often best left to get the full benefits.**

What about Allocated Pensions. Can I still do this ? **Yes. This is more involved and would require further discussion, but basically this is not a problem.**

Can the children or other Family members be involved ? **Yes. They don't even have to be family. However, for a number of reasons it is best to only have Family. Using parents and the children in the same fund has tax advantages. Ask for further explanation if interested.**

When can I access my money? **After 1 July 2007, this can be anytime after age 55, whether you are still working or not. However, until age 65, this can only be done as a "Transition to Retirement Pension" if you are still working, (not as a lump sum) unless you are also retired, and it is still taxable, although with a 15% tax rebate. After age 60 it is tax free.**

After age 60 it can be accessed as a Pension or Lump Sum, if you are fully retired, and it is completely tax free.

How much money can I put into the fund? **From 1 July 2009, the tax deductible limit will be \$25,000 for everyone, or \$50,000 if you turn 50 by 2012. You can also put in up to \$150,000 pa, or \$450,000 for 3 years each, as a non tax deductible contribution. And there is no longer any maximum Fund limit. The sky is the limit.**

Do I have to take a Pension? **Until 1 July 2007 you did, at age 65, if you didn't pass the work tests. From 1 July 2007 you don't. You can just leave it there for as long as you like. However, the earnings will be taxed at 15%, but if you convert the fund to a pension fund, then the earnings are tax free. So the best option will depend on your personal circumstances.**