



Jon, just a quick note to thank you for all your support and guidance through the last year. With our business growing and expanding it has been very important to have someone we can trust to help us manage this process."

Mel Crook, Director, Mel Crook & Associates Pty Ltd

SELF MANAGED SUPER FUNDS (SMSFs)



WHAT IS A SMSF?

- › A SMSF has less than four members and each member of the fund must be a trustee or a director of the trustee company.
- › It is a family wealth-planning vehicle that provides significant tax planning and asset protection benefits.

SET UP PROCEDURE AND COST:

- › Harvest Accounting charge a fixed fee to establish the SMSF and trustee company. This includes meeting with you to explain the operational requirements of the fund
- › Helping you with rollover of your existing accounts into the fund.
- › Assisting with establishment of bank account and developing your investment strategy

ADVANTAGES:

- › **Asset protection** – investment assets of the fund are protected and safe from creditors in the event of personal bankruptcy and/or business failure. Allows you to 'take control' of your fund.
- › **Low income tax rate** – earnings are taxed at a maximum rate of 15% vs maximum personal tax rate of 46.5%.
- › **Low capital gains tax rate** – investment assets sold after a period of at least 12 months ownership are subject to a maximum CGT rate of only 10% vs maximum personal tax rate of 23.25%.
- › **Family wealth planning** – SMSFs can be "multi-generational" wealth planning vehicles whereby parents and their children can be involved and benefit.
- › **Retirement planning** – in retirement earnings of the fund may be entirely tax free. This means nil tax payable on investment earnings and on capital gains following disposal of assets.
- › **Ability to pay tax-free pensions** – to members in "retirement phase."
- › **Ability to borrow to purchase commercial or residential property** – providing significant wealth creation and tax saving opportunities.

DISADVANTAGES:

- › **Establishment cost, ongoing maintenance and compliance requirements** – however, Harvest Accounting make this easy for you.
- › **Trustee responsibilities and duties** – Harvest Accounting explain the requirements to you in a simple and easy to understand way in "plain English."
- › **Funds locked away until retirement** – however, this is probably an advantage in that superannuation is a forced saving.

GENERAL COMMENTS:

- › SMSFs are becoming increasingly popular. Allows you to 'take control' over where to invest your retirement savings.
- › SMSFs are a particularly effective tax planning tool when acquiring real estate and many of our business owners have used this structure to facilitate the purchase of their business premises.
- › This may be the ideal structure for business people looking for asset protection and a great tax-planning vehicle for investing long-term.

For more information on Self Managed Super Funds, contact Harvest Accounting Group.

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