It's the little things that can make a lot of difference to your Self Managed Super Fund!

Important housekeeping that has powerful consequences for trustees and members.

There are a number of keys aspects of operating a Self Managed Super Fund that are easily overlooked. We profile just a few which you should consider and then discuss with your advisor to make sure you have the matters fully covered. In each case there will be opportunities and consequences for the members.

Ensuring the deed is up to date.

It is important that self managed superannuation fund trust deeds conform with the current state of legislation by which they are regulated. Therefore trust deeds should be regularly reviewed and if necessary updated every five years and in any event after any substantial change in legislation or changes to the circumstances of the trustee or members.

There have been recent changes in the legislation which may not be reflected in your current deed including:

- the ability for a SMSF to borrow,
- transition to retirement pensions,
- major amendments abolishing 'reasonable benefit limits' and regulating contributions.

New changes permit a member of a self managed superannuation fund to access their superannuation fund whilst still working through the use of a 'transition to retirement pension'. This can result in substantial taxation savings for the member and the fund itself.

Trustees planning to travel overseas for an extended period of time?

If the members (and controllers) of a self managed superannuation fund plan to travel overseas for an extended period of time the superannuation fund may cease to be an Australian Fund and therefore lose the favourable taxation benefits which are afforded to an Australian complying fund. The worst case scenario could mean the value of the fund assets will have tax at the rate of 45% applied to them. If you are faced with this situation you should seek advice as to what strategies can be adopted to ensure your fund continues to be regarded as a complying Australian Fund.

What happens to your superannuation on death?

The assets of a members superannuation fund on his or her death do not automatically become part of his or her estate and therefore distributed under the terms of their Will. The self managed superannuation fund trust deed normally gives the Trustee of the fund the power to determine who is to receive the superannuation proceeds.

A binding death benefit nomination (BDBN) can be used to direct the trustee of the fund to pay the deceased members superannuation assets to the person/persons nominated provided the trust deed rules empower the trustee to accept a BDBN.
All members should ensure they have a current BDBN signed and held by their advisor to provide clarity for all parties in the event of death or a change to matrimonial circumstances. It is important to review your BDBN, as we have observed that some will expire 3 years after the date of signing.

The rules relating to creating a valid BDBN are complex and you should obtain advice should you wish to implement such a strategy.

Given that you have made the decision to utilise the many benefits that a SMSF can provide, it is vital that your review the strategies each year in line with your other Investments to ensure that you are maximising the outcomes and protecting your assets consistent with your overall goals and objectives.

It is critical that your review and discuss the opportunities and vital housekeeping elements with your MSI advisor as a matter of priority.

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