



# SMSF Solutions for Advisers & Accountants.

24 October 2016

[www.multiport.com.au](http://www.multiport.com.au)

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AFS LICENCE NO: 291195



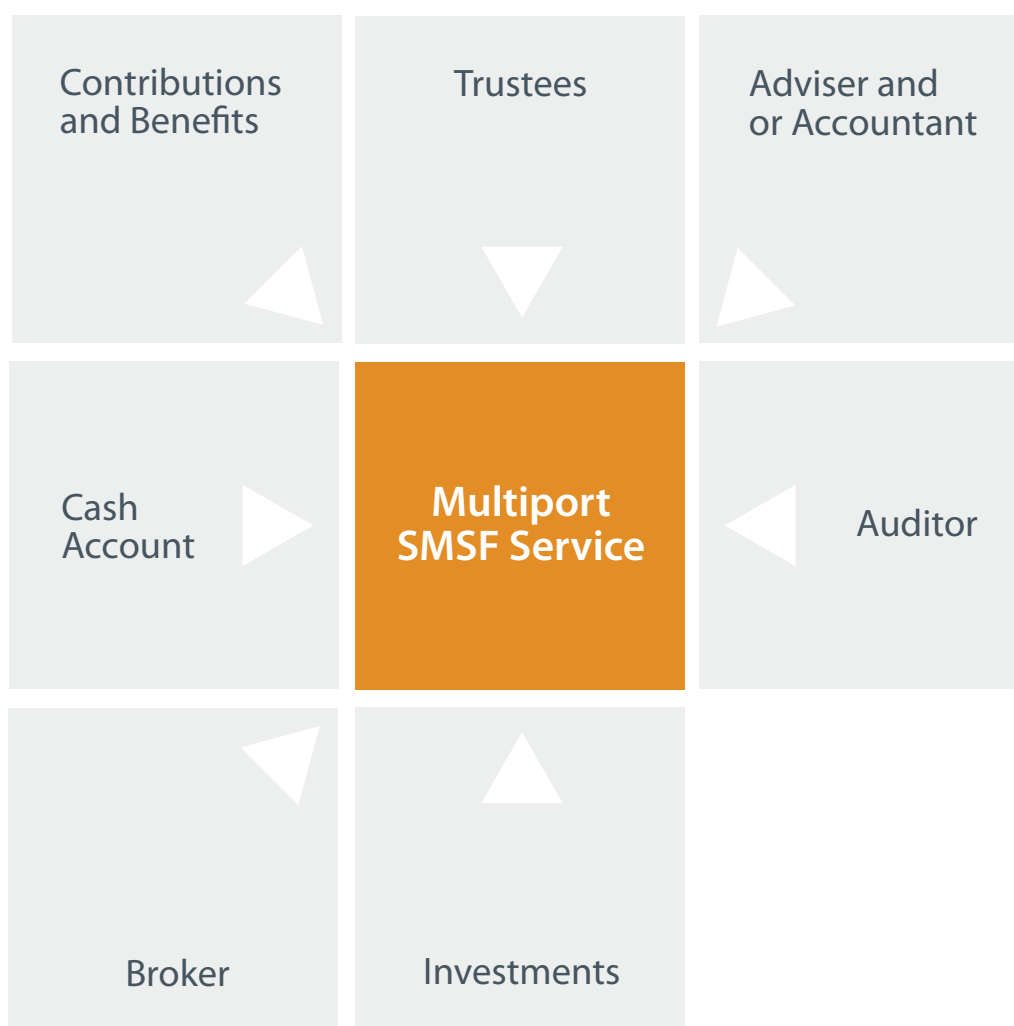
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# Taking the hassle out of SMSF administration and compliance

Multiport is a leading provider of self managed super administration, reporting and compliance services. We are dedicated to providing the highest level of service for a transparent and competitive fee.

We take the hassle out of administering self managed super funds so that trustees and their advisers can focus on investing and implementing financial strategies. By combining a wealth of experience with the use of latest technology Multiport are able to provide one of the most comprehensive and best value services available today.



## What is Self Managed Super?

All Superannuation Funds are designed to provide retirement benefits to the members of that Fund, and must operate in accordance with the Superannuation Industry (Supervision) Act 1993.

The main difference a Self Managed Superannuation Fund (SMSF) and other types of superannuation funds is that the members of a SMSF are also the trustees (or the directors of a corporate trustee) for the fund.

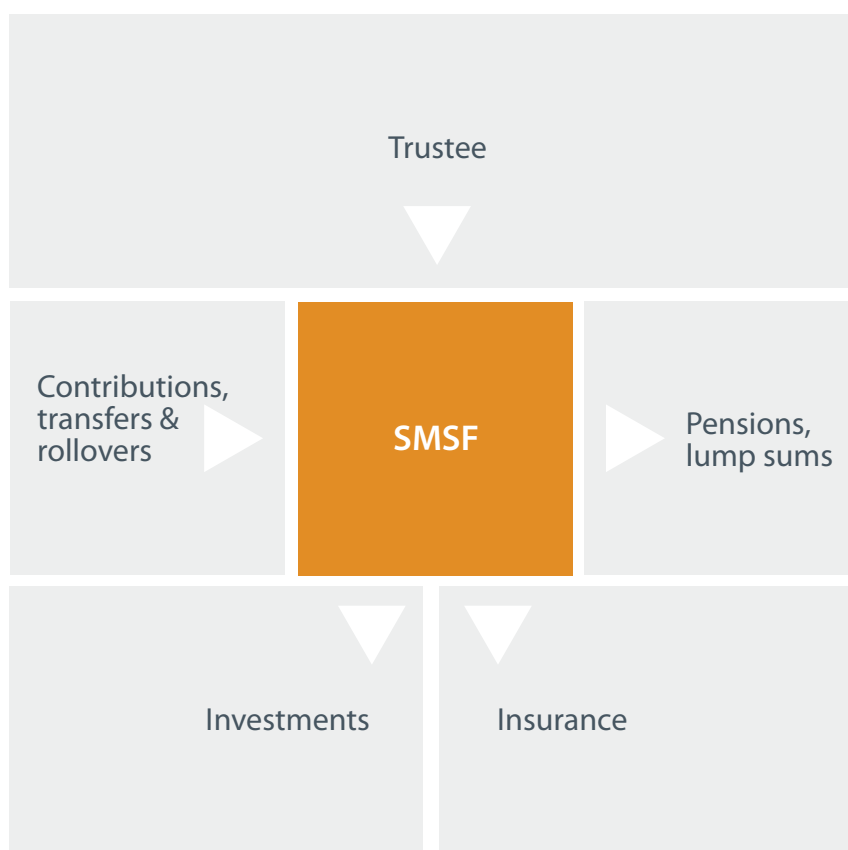
**A superannuation fund is a SMSF when the following conditions are met:**

- It has fewer than 5 members;
- Each member of the fund is a trustee of the fund;
- No member of the fund is an employee of another member of the fund, unless those members are related;
- No trustee of the fund receives any remuneration for his or her services as a trustee.

**An SMSF can also have a company as a trustee (known as a corporate trustee) if:**

- The fund has fewer than 5 members;
- Each member of the fund is a director of the company;
- No member is an employee of another member (unless related); and
- The Company or its Directors do not receive any form of remuneration for their services as a trustee.

The SMSF is established under a trust deed, which is known as the fund's Governing Rules, which outlines what the Fund can and can't do. It also outlines the duties and responsibilities of the trustees and members of the fund.



## What are the benefits of Self Managed Super?

SMSFs offer many advantages over other superannuation funds. The key differences are:

- Transparency of the underlying assets and strategy of the portfolio
- You have more control over your fund, as you are the Trustee
- You have the ability to have direct investments (e.g shares)
- There are generally broader investment options
- Greater retirement and estate planning options

The requirement that all members be trustees ensures that each member is fully involved in the fund's operation and has the opportunity to participate in the decision-making processes of the fund. This promotes true self-management. It also means that the members/trustees are ultimately responsible for the ongoing compliance of the fund and that trustees will have significant legal responsibilities.

Significant penalties can be imposed on Trustees who fail to meet their obligations, so careful consideration needs to be given to your own objectives, situation and needs. You should obtain professional financial advice prior to commencing an SMSF.

## What is the role of Trustees?

Trustees of SMSFs are responsible for the administration, management and compliance of the Fund. Responsibility and accountability for running the fund in a prudent manner lies with the trustees. A written acknowledgement that the trustees are aware of their role and responsibilities is initially required by the Australian Tax Office.

### **A trustee of an SMSF must act in accordance with:**

- The provisions of the Superannuation Industry (Supervision) Act 1993 (SISA);
- The clauses of the superannuation fund trust deed; and
- Other general rules, for example those imposed under tax law and trust law.

### **Trustees are required to:**

- Act honestly in all matters;
- Exercise the same degree of care, skill and diligence as an ordinary prudent person;
- Act in the best interest of the fund members;
- Keep the assets of the fund separate from other assets (e.g. the trustee's personal assets);
- Retain control over the fund;
- Develop and implement an investment strategy;
- Allow members access to certain information.

All Trustees must also declare that they have not been convicted of a dishonest act, are bankrupt or insolvent or disqualified from acting as a Trustee.

Refer to page 9 for more information about some of the investment rules.

## SMSF Annual Extra

### What is annual administration?

Annual administration means that all fund data and documentation relating to the SMSF is collected annually after year end. All transactional and member data is then compiled and reconciled so that work can commence on the financial accounts and tax return.

Under the Multiport SMSF Annual Extra service, Trustees will receive an SMSF administration service that includes all year end processing, preparation of financial accounts, tax returns and compliance services. Independent audit services are also available if required.

### At a glance...

The table below illustrates what functions are carried out by Multiport under the SMSF Annual Extra Service:

Service	SMSF Annual Extra
Transaction Processing	✓
Rollover Processing	✓
Dividend Processing	✓
Managed Fund Distribution Processing	✓
Interest Income Processing	✓
Preparation of Corporate Actions	✓
Transaction Compliance with Legislation	✓
Maintenance of Trustee & Member records	✓
Contribution Processing	✓
Calculating & Reporting Benefits	✓
Preparation of Financial Statements	✓
Preparation and Lodgement of Income Tax Return	✓
Facilitation of Audit (if required)	✓

## SMSF Support Services

In addition to the range of SMSF and portfolio administration services available, Multiport offers a range of specialised SMSF services.

### **SMSF Establishment**

Multiport provides all documentation necessary to create a complying SMSF, including the Trust Deed, consents, resolutions, member applications and product disclosure statements.

### **SMSF Trust Deed Reviews**

Multiport can examine Trust Deed articles and provide a written report on whether the provisions cater for changes in Superannuation Law as well as current benefit and funding strategies.

### **SMSF Trust Deed amendments**

Multiport can arrange Trust Deed Amendments to ensure that the fund deed is in line with current Superannuation Law.

### **Warrant Trust Services (Limited Recourse Borrowing Arrangements)**

Multiport can assist with the setup and management of warrant trusts linked with SMSFs. Where Multiport provides ongoing management, the warrant trusts are tracked separately through a secondary portfolio under the SMSF. The portfolio includes details of the assets held by the warrant trust, debt, instalments, income and expenses.

### **Corporate trustee establishment**

Multiport can assist with the establishment of companies intended to act as trustee for an SMSF. This includes Australian Securities and Investments Commission (ASIC) registration and application for an Australian Business Number (ABN) if applicable. Where Multiport is the registered address for the company, all ASIC documentation and tasks are carried out by Multiport.

### **Partial years**

Multiport can undertake the completion of all administration, compliance, financial accounts and tax work related to partial years where the SMSF is transferred to the Multiport SMSF service.

### **SMSF Consulting**

Consulting services can be provided for a separate fee. Multiport may also provide consulting services when compliance breaches occur to assist with appropriate rectification.

## Operating your cash account

Once established, every SMSF will hold a working cash account in the name of the SMSF. The working cash account is used to:

- receive contributions
- receive rollovers
- collect any investment income
- make pension and lump sum benefit payments
- buy fund assets
- receive proceeds from the redemption or sale of any funds assets
- pay adviser fees, administration fees and any other fund liabilities
- pay insurance premiums

At the end of each financial year you will need to provide bank statements for the previous financial year so that all transactions can be reconciled. Supporting documentation is also required to assist with indentifying the nature of the transactions through the cash account and the reconciliation process.





## Contributions and benefits

### Putting money in

Once established, an SMSF is able to accept contributions and rollovers from other superannuation institutions. The following contribution types can be accepted:

#### Personal

These are contributions paid by you to the fund. This can include after tax contributions or self employed contributions for which a tax deduction has been claimed.

#### Compulsory Employer

These are contributions that your employer is required to pay your nominated fund (e.g. Superannuation Guarantee)

#### Voluntary Employer

These are contributions that you have requested your employer pay to your nominated fund (e.g Salary Sacrifice)

#### Spouse

These are contributions paid by your spouse into your superannuation fund.

#### Government

These are contributions that you may receive from the government subject to eligibility.

Contributions are classified as either “concessional” or “non-concessional” and this determines how they are taxed by the fund (for more information on how contributions are taxed refer to the table on page 10).

		Personal Contributions	Employer Contributions	Spouse Contributions	Government Co-contributions
<b>Concessional Contribution</b>	A contribution for which a tax deduction will be claimed	✓	✓	✗	✗
<b>Non-concessional Contribution</b>	A contribution for which a tax deduction will not be claimed	✓	✗	✓	✓

Limits apply to how much an individual can contribute, either concessional or non-concessional, during any financial year. From 1 July 2014 the following contribution limits apply:

	Concessional Contributions	Non-concessional Contributions
<b>Aged under 50</b>	\$30,000.00 <sup>1</sup> each financial year	\$180,000.00 <sup>1</sup> each financial year or \$540,000.00 <sup>1</sup> each three years
<b>Aged 59-75</b>	\$35,000.00 <sup>1</sup> each financial year (work test must be satisfied if the individual is aged 65 and over)	
<b>Aged 75 and over</b>	\$35,000.00 <sup>1</sup> each financial year (only superannuation guarantee and mandated employer contributions can be accepted)	

<sup>1</sup> Limits are subject to indexation



## Taking money out

To ensure that superannuation benefits are used for providing income in retirement, a condition of release must be met before any person can access their superannuation benefits. These are:

- Attainment of age 65
- Retirement after age 60
- Retirement after age 55
- Reaching preservation age (TTR pension only)
- Unrestricted non-preserved amounts

Withdrawals can be made in the form of a lump sum payment (either from an accumulation or pension account), or in the form of an income stream (pension is commenced with accumulation balance).

### Lump Sum Withdrawals

Lump sum withdrawals may be paid from both accumulation and pension accounts providing that a condition of release has been met. The benefit will be paid proportionately from the taxable and tax-free components of your superannuation account balance.

### Receiving a pension

Superannuation benefits can also be used to provide a regular income stream in the form of a pension. Once a pension has been commenced, it needs to comply with minimum and maximum (if applicable) annual levels to remain complying.

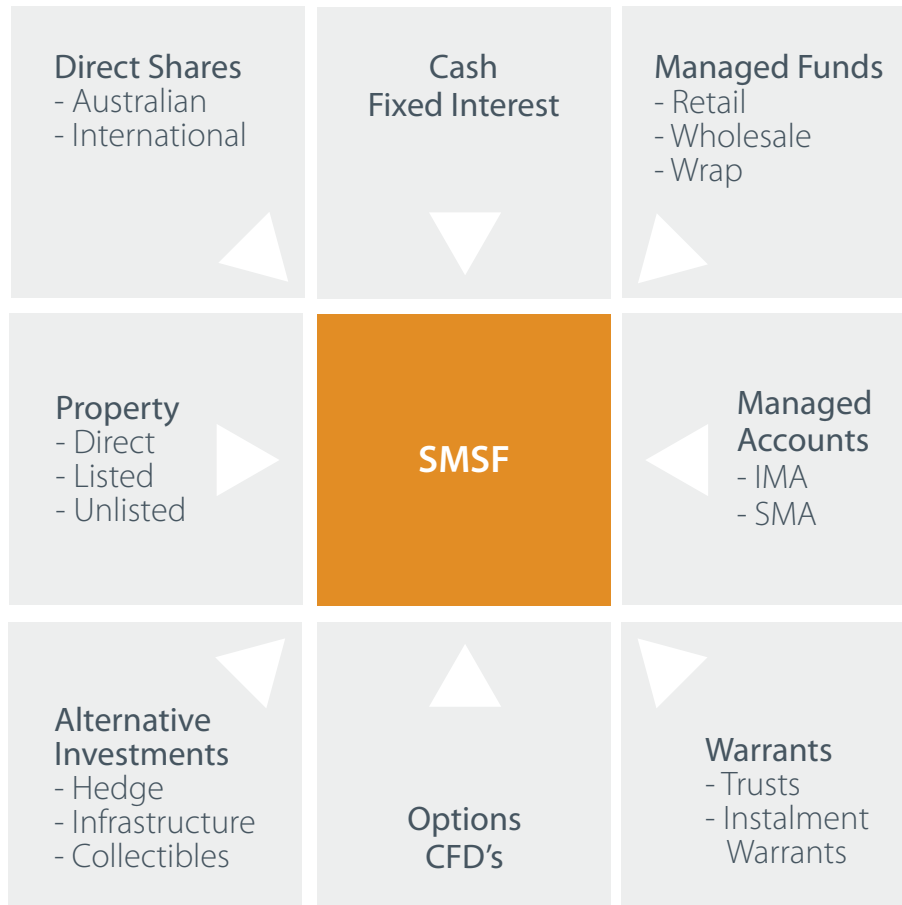
For an additional fee Multiport can carry out annual pension reviews to calculate minimum pension levels, and maximum pension levels where required (TTR Pensions).

As each member's needs are specific and conditions for release of superannuation benefits are complex, we recommend that any member intending to take a lump sum payment or commence a pension first consult with their financial adviser.

## A wide range of investment options

Our service allows advisers and their clients complete freedom when investing. There are no investment restrictions or preferred list of investments.

The service caters for the following wide range of investments:



It is a requirement under superannuation law for an SMSF to develop and implement an investment strategy. As part of the Multiport establishment service we can assist with the preparation of these documents.

**Under super regulations there are some investments rules for SMSFs. The Trustee must:**

- ensure the investments are made at arm's length and that certain assets are not acquired from related parties
- keep the assets of the fund separate from other assets (eg the Trustee's personal assets)
- not borrow against Trust assets (except in limited circumstances)
- not lend money or provide financial assistance to members or their relatives, and
- not invest in in-house assets which exceed the 5 per cent in-house asset threshold. An in-house asset is an asset of the fund that is a loan to or an investment in a related party or related trust of the fund.

## Insurance and tax within your SMSF

A range of Insurance policies can be held through your SMSF with the ability to fund premiums with superannuation benefits. Policies can include:

- Death
- Total & Permanent Disability
- Income Protection
- Trauma Cover

Where premiums are paid by the fund, the SMSF must be listed as the policy holder/owner on the policy.

Within the superannuation environment, tax is payable on taxable contributions, investment earnings and realised capital gains on investments. The table below broadly outlines how the tax is assessed for both accumulation and pension funds.

	Tax treatment on income received by fund		Tax treatment on benefits paid from the fund	
	Contributions	Investment Earnings	Pension payments	Lump sum withdrawals
<b>Accumulation</b>	<p><b>Concessional contributions:</b> Taxed at 15%</p> <p><b>Non-concessional contributions:</b> Not taxed</p> <p>Excess contributions tax is payable if you exceed contribution caps</p>	<p><b>Income:</b> Taxed at 15%</p> <p><b>CGT:</b> Taxed at 10% if asset is held for more than one year before capital gain is realised.</p>	Not applicable	<p><b>Over age 60:</b> Tax free</p> <p><b>Tax-free component:</b> Nil</p> <p><b>Preservation age to age 60:</b></p> <p><b>Tax Free Component:</b> Nil</p> <p><b>Taxable component:</b> No tax payable on amount up to low rate cap. Amount above low rate cap taxed at 15% (plus medicare levy)</p>
<b>Pension</b>	Not applicable	Tax free	<p><b>Over age 60:</b> Tax free and not included as part of assessable income</p> <p><b>Under age 60:</b> Pension income forms part of assessable income and is taxed at your marginal tax rate with tax offsets applicable</p>	<p><b>Under preservation age:</b></p> <p><b>Tax free component:</b> Nil</p> <p><b>Taxable component:</b> Taxed at 20% (including medicare levy)</p>

\*Tax on superannuation is complex and the above table is not a comprehensive guide.



## Managing the compliance burden

The trustees of an SMSF are ultimately responsible for the management of their funds so it is important that all aspects of compliance and investment management are addressed. The annual audit will examine whether there are any compliance issues with the fund and heavy fines and taxation penalties may be imposed on funds assessed as being non-compliant. This is occurring more and more frequently as the Australian Taxation Office (ATO) takes a more active role in the regulation of SMSFs.

A fund may be deemed non-compliant if, for example:

- It does not meet the SMSF residency rules
- It borrows money to invest except via instalment warrants
- It breaches the sole-purpose test
- It breaches in-house assets test rules
- It holds assets in a name other than that of the trustees of the fund
- It loans money to members of the fund
- It acquires assets that the fund is prohibited from acquiring from a related party

Multiport can assist with the compliance burden by reviewing all compliance matters for the fund at the end of each financial year. As part of the preparation of the end of year accounts, we will identify any compliance issues or breaches. We can also provide advice on rectification measures if required.

## End of year financial statements & tax reporting

All SMSFs are required to lodge an annual Income Tax Return with the ATO. Under the SMSF Annual Extra service Multiport will undertake the following:

- Preparation of financial statements for the fund for the financial year
- Completion of the taxation return for the fund
- Preparation of annual member statements
- Completion of annual contribution reporting
- Arranging audit of the fund by an independent and ASIC registered SMSF auditor.

The accounts, tax return and audit phase will commence after the end of the financial year. When the accounts can be completed depends to some extent on what assets are held by a fund and when documentation is provided to us. Where a fund holds managed funds, usually there will be a delay until late August or early September before the accounts process can commence. This is because we need to receive tax distribution statements for managed funds.

The financial statements will include:

- Operating Statement
- Statement of Financial Position
- Notes to the Financial Statements
- Trustee Declaration
- Member Statements

Trustees are required to sign the financial statements and the fund's taxation return and other related documentation before lodgement.

## Annual Audit

All SMSFs are required to have the financial accounts and statements of the fund audited each year by an independent and ASIC registered SMSF auditor. Upon request, we can appoint an approved auditor who will prepare and provide a report to the trustees stating that the fund has been audited.

## Fees & Other Costs

The following ongoing administration fees apply.

Fund type		Cost per annum <sup>1</sup>
<b>Simple</b>	A fund with 1 to 10 assets and no LRBA <sup>2</sup> , with all members in either accumulation or pension phase for the whole year.	\$1,600
<b>Medium</b>	A fund with 11 to 20 assets and no LRBA <sup>2</sup> , or 1 to 5 assets including a single LRBA <sup>2</sup> and/or with all members in either accumulation or pension phase for the whole year.	\$1,850
<b>Complex</b>	A fund not meeting the above criteria.	\$2,420

<sup>1</sup> A one-off Transition Fee of \$295 per fund (including GST) will be charged for the creation of the chart of accounts. This fee will be waived if Multiport processed the fund in the previous financial year; or if a 3 year contract applies; or if a BGL file can be supplied to Multiport.

**Note:** Interim Accounts (i.e. half yearly service) is also available for simple, medium and complex funds at above-listed annual fees +25%.

<sup>2</sup> LRBA - Limited Recourse Borrowing Arrangement.

In addition to the administration fee, there may be other costs and annual fees associated with establishing and running a self managed super fund. The table below shows fees and other charges that may arise:

## Additional services

Description	Applicable fee <sup>1</sup>
<b>Establishment</b>	
SMSF establishment	\$660 per SMSF
SMSF trust deed reviews	\$Nil
SMSF trust deed amendments	\$495 per trust deed
Corporate trustee establishment	\$725 per company
<b>SMSF LRBA gearing<sup>2</sup></b>	
Essentials gearing package	\$1,995
Related party gearing package	\$1,650
<b>Administration</b>	
Annual audit	\$515 per fund per annum
GST/BAS preparation/PAYG payment summaries	\$200 per lodgement
Corporate trustee services	\$200 per annum
SMSF consulting (additional to fee free services)	\$350 per hour
<b>Actuarial fees (if applicable)</b>	
Account based pensions	\$285 per annum
Complying pensions	\$560 per annum
<b>Pension and documentation services</b>	
Account based pension commencement documentation and calculations	\$320 per pension
Lump sum benefit payment documentation and calculation	\$165 per benefit (excluding death and disability benefits)
New member documentation	\$180 per member
Change of trustee documentation	\$220 per change

<sup>1</sup> GST inclusive. Prices are effective 1 July 2015 and are subject to change

<sup>2</sup> Refer to SMSF Gearing Package brochure for more information.

## Getting Started

Application forms to establish a Self Managed Super Fund or to transition an existing SMSF to the Multiport service are available through your adviser, accountant or directly from Multiport.

## What happens after we receive your new SMSF application

After receipt of your application, we will prepare an Establishment Kit which will contain all documentation applicable to the Fund's establishment.

Once signed documents are returned to us, we then take care of the initial set up, including:

- Registering your SMSF with the Australian Tax Office
- Applying for an Australian Business Number (ABN) and Tax File Number (TFN)

You will then be required to forward all fund and transactional information to us after the next financial year end.

## What happens when you are transitioning your SMSF to the Multiport Service

After the financial year end, we will require all fund and transactional information for the previous period to be forwarded to our office. We will also require a copy of the last audited financial statements, tax return and member statements.

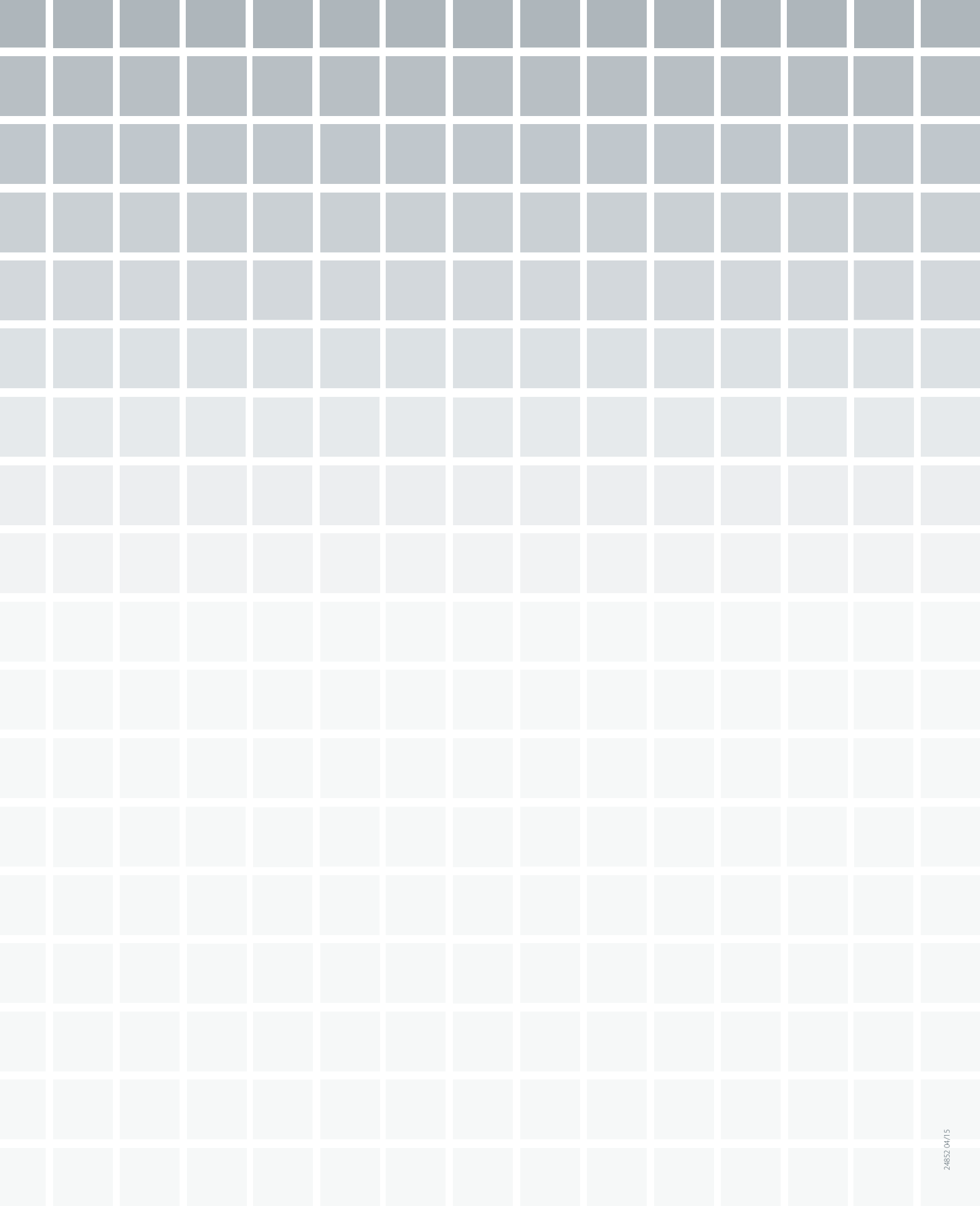
## How to contact Multiport

Completed Applications can be sent to

**Multiport Pty Ltd**  
PO Box N316  
GROSVENOR PLACE NSW 1220

Should you require assistance with the application process or you would like more information, contact Multiport on **1300 364 672**.





Postal address  
PO Box N316  
Grosvenor Place  
Sydney NSW 1220

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