ASIC
Australian Securities & Investments Commission

Self-managed super funds: Are they for you?

Note this factsheet has expired

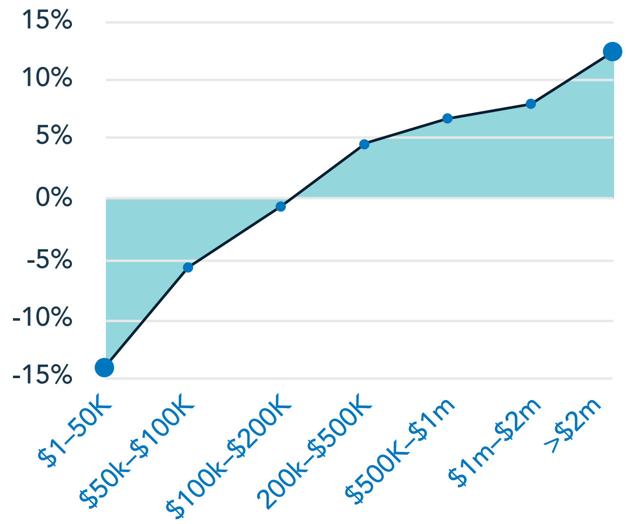
Generally, balances under $500K have **lower returns** after expenses and tax[1]

SMSFs with balances **below $500,000** have, on average, lower returns after expenses and tax compared to industry and retail super funds.

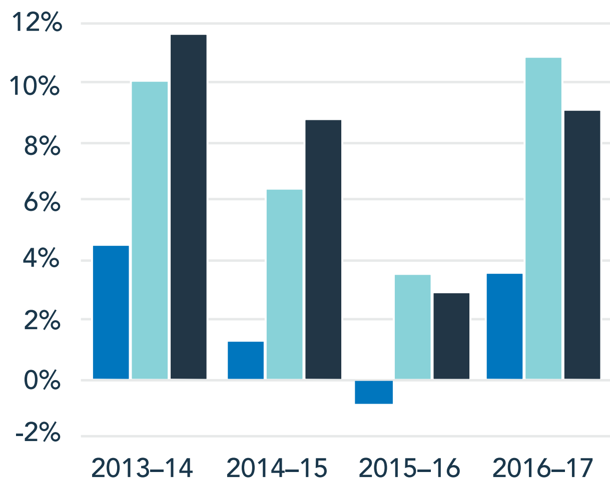
On average, SMSFs with balances **above $500,000** have returns that are competitive with industry and retail super funds after expenses and tax.

If your balance is below $500,000, ask your adviser why an SMSF is the best option for you.

Average SMSF returns by fund size[2]



Average SMSF returns and APRA fund returns[2]



The SMSF and APRA graph shows the average return on assets made by SMSFs and the average rate of return made by APRA-regulated funds of more than four members.

Care must be taken when using SMSF performance figures, particularly when making comparisons. While the methodology used to estimate SMSF performance resembles APRA's methodology, the data is not the same.

It takes over **100 hours a year** to run an SMSF[3]

SMSF trustees spend **8.4 hours a month**, on average, managing an SMSF – that's over **100 hours a year.**

You will need to:

- meet your reporting obligations – financial statements, tax returns, independent audits
- prepare and implement an investment strategy and adapt it to meet members' changing needs
- organise annual valuations of assets if required
- keep up to date with changes to superannuation laws
- manage the SMSF's administration and paperwork.

The average cost of running an SMSF is **$13,900 a year**[4]

$13,900
a year

You will need to pay:

- a set-up fee
- an annual SMSF supervisory levy
- costs for an annual financial statement
- for tax return and independent audit
- a fee for annual actuarial certificate (if required)
- ongoing SMSF administration costs
- professional investment fees
- wind-up fees

You could face **fines or end up in court** if assets are misused

Your SMSF and its assets must be used only to provide benefits to members for their retirement

You could face fines or end up in court if you:

- take money out of the SMSF before you are entitled to and spend it on a holiday, car or home repayments
- use or access any collectables the SMSF invests in (like art or wine)

Members **can't access or use collectables** the SMSF invests in.

Property can be a **risky investment**

Residential properties **must not** be acquired through SMSFs with the intention to be lived in or rented by a member, their family or associates.

Some risks of property investments include:

- high upfront costs of purchasing property
- ongoing costs of managing the property
- difficulty with selling property quickly
- property becoming untenanted or damaged

The buck stops with you

As an SMSF trustee, you are responsible for your SMSF complying with the law, even if you pay a professional to help.

If you don't comply:

- You might have to pay **financial penalties**
- You could be **disqualified** from being a trustee and have to wind up your SMSF
- You could be taken to court and fined
- In the event of theft or fraud, there's **no compensation scheme** to protect you

Speak to your financial adviser about whether an SMSF is right for you and for more information visit the ATO's SMSF webpage at ato.gov.au/super

1. Productivity Commission, Inquiry Report - Superannuation: Assessing Efficiency and Competitiveness, no 91, December 2018
2. Australian Taxation Office, Self-managed super funds: A statistical overview 2016-2017, May 2019. Average SMSF returns by fund size is calculated by determining the net earnings, and comparing this to average assets during the financial year
3. Investment Trends, SMSF Investor Report, March 2018
4. Australian Taxation Office, Self-managed super funds: A statistical overview 2016-2017, May 2019.

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