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SUPERANNUATION SERVICES

## “OUR SUPER ADVICE”

A trustee of a Self Managed Super Fund must act in accordance with:-

- the clauses of the superannuation fund trust deed (governing rules);
- the provisions of the SIS Act; and
- other general rules, for example those imposed under the tax law and trust law.

### TIP

If a trustee fails to act in accordance with the rules of SIS Act they risk the fund being deemed a non-complying fund and losing its concessional taxed status.

However the fund is complying until notified by the ATO.

### TRUST DEEDS

TASSGROUP are constantly advising clients about keeping Trust Deeds up to date.

The reason is even though the government has made many changes in the Income Tax Act and SIS Legislation, if your Trust Deed does not let you do a certain transaction you are not allowed (Sec. 19 SIS Act).

### TIP

Since 9th May 2006 you are not required to compulsorily withdraw your funds from superannuation (unless it is death).

### TIP

Got a large capital gain from the sale of an active asset use your SMSF to pay no tax.

## THE SIS ACT COVENANTS

The SIS Act contains covenants that impose minimum requirements on trustees and are deemed to be included in the trust deed of every regulated fund. These covenants reflect the duties imposed on a trustee under trust law in general.

The SIS Act covenants bind trustees 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 (eg. Separate bank accounts);
- retain control over the fund;
- develop and implement an investment strategy;
- allow members access to certain information.

## INVESTMENT STRATEGY

When investing funds within a Self Managed Super Fund, there are three important areas you should be focusing on.

The FIRST one is to develop a “Documented Investment Strategy” (DIS) with your advisor. It is law that your Self Managed Super Fund has an investment strategy (Sec. 52 SIS Act). It provides guidance and a direction for monies to be invested and ensures that all monies are invested for maximum benefit within all asset classes (also known as investment diversification).

The SECOND area is lack of diversification or in many cases no diversification at all. It is very important to invest funds as per the “DIS” but also ensuring that the monies are invested and spread amongst all asset classes to maximise investment opportunity in order to reduce downside risk should an investment class not be performing. It is similar to the old wise words of “not putting all your eggs in one basket”.

The THIRD important area is to have an “Active Strategy” so that any monies either held or being deposited into the Self Managed Super Fund cash account are being invested regularly without finding out that monies have been sitting in the cash account and investment opportunities and growth have been missed, therefore the use of monies were not maximised.

**If you would like TASS Superannuation Fund Newsletters sent via email in the future, please direct your request to [leanne@tass.com.au](mailto:leanne@tass.com.au), and we will ensure that you receive your copy of “Our Super Advice” in the quickest time possible.**

This information has been prepared to provide you with general information only and should not be relied upon without obtaining professional advice. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person.

The establishment and tax planning advice of all self managed super funds is undertaken by the TASSGROUP whilst all financial planning and investment advice is provided on a personal basis by Barrie Henman - authorised representative of Wealth Managers Pty Ltd. AFS LICENCE NO: 232701

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