

## Super Basics – Q&A

The Global Financial Crises has scared many people, especially those with investments in super retail funds managed by ‘experts’. The dominant question for small investors particularly those with small balances is ‘ why did you not get me me out in time?’ The implication is that if you were the experts why could you not see this situation coming? The reality is many are too small.

Reflecting on this many have decided to take have more control setting up their own Self Managed Super Funds (SMSF) \.

Below are basic questions I am asked.

For help with decisions on property investments in SMSF or just tax returns or to discuss further, call Shukri on .. 02 9411 8133

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## *Super Basics – Q&A*

Recently I answered the following queries in relation to a proposed SMSF, clients were considering of forming. Members would be a couple and a relative of one. Though basic, the answers may be of interest to you. In future we will be looking to include more items on Super. Your questions are welcome .. just email me at [Shukri@propertytaxspecialists.com.au](mailto:Shukri@propertytaxspecialists.com.au)

### ***Are our contributions in a separate Trust Fund?***

- For efficiency, funds are pooled together
- The accounts reflect a record of each member's
  - Contribution
  - Share of net income
- The rules require the trustees to maintain a separate account for each member

***Tax tip*** – Consolidating Super with others may provide sufficient funds to start investing in a property – good for Y gen group.

### ***Are all expenses split 3 ways, e.g from our pool of super funds?***

Fund operating expenses are paid out of the pool of fund income

### ***When we retire, are our investments divided by our individual contributions e.g. our initial % of contributions and additional contributions?***

- Because the fund keeps a separate a/c for each member, that will be the member's entitlement on either
- When eligible e.g. on retirement they can receive their entitlement either as a
  - Lump sum or
  - Pension.

### ***Do we all have a say in where the investment goes?***

Where the trustee is a company – preferred by lenders to an SMSF

- All members must be directors of the company
- As directors they will have a say in the decisions taken regarding how and where to invest the pooled funds
- The trustee can decide to allocate each members contribution to a different investment/managed fund/asset class
  - i. Larger portions allow for investment in larger assets like property

### ***Expenses for individual insurances do the funds come out of the individual pool of***

### *super funds?*

The expense is allocated to the individual member's pool

### *Are properties in our individual names safe?*

Properties owned individually outside of the fund should not be impacted by any activity in the fund

### *Does the arrangement affect income of one relative as the other receives Centrelink income?*

Income derived by the fund is not taken up in any income test for Social Security type benefits. Income of one member is unlikely to affect the other members situation.

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## Quote of the Month

“We are what we repeatedly do. Excellence, then, is not an act, but a habit.”

Aristotle

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## Financial Planning with your Tax Planning

Tax planning should ideally form part of your overall financial planning, as it may well have an impact on your overall financial situation.

As we are not licenced to give investment advice, we have created alliances with licenced Financial Planners and Advisers as an additional service to clients. To get an overall perspective of a client financial situation, we have persuaded them on arrangements to attend a tax advice meeting with us and you .. when requested at no cost to you. Call the office on 02 9411 8133 for more details.

### **Checklists and Templates**

To make the compilation & reporting task for 2012 tax returns easier, clients of **Property Tax Specialists** receive checklists and templates to facilitate the process ... **saving them time and money ... the 'write' way is having clear documentation.** ATO way means time/money wastage with audit investigation.

### **Audit Insurance**

Did you know that you can take out insurance against the cost of your Property Tax Specialists responding to an ATO audit or investigation on your behalf? To discuss call Shukri 02 9411 8133

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## ***Two heads are better than 1? Discuss your plans? Call to chat ...***

Contact us if you would like to

- review & discuss your current property & tax situation ... maybe the next deal or
- whether or not to sell a property, which one in the portfolio should be sold
- your asset protection strategy. What is your risk profile? High ..medium ..low
- structuring your next investment property. In whose name should it be?
- Should you rent out your home and live closer to work in a rented space
- Should you invest your capital in 1 Main Residence or 2 smaller rental properties
- planning to legally minimise your tax position or just to explore the possibilities
- Subdividing a block or your Main Residence ... Capital Gain or Business Profit?
- Is your Self Managed Super Fund ready to acquire a property
  1. with limited recourse loans
  2. from lending institutions or yourself
- prepare your next tax return or application to reduce your PAYG Withholding

We look forward to being of service. We also look forward to your **referrals**.

To improve our service we welcome all constructive comments on this newsletter and other materials.

Call/email **Shukri Barbara** at Property Tax Specialists at [Shukri@propertytaxspecialists.com.au](mailto:Shukri@propertytaxspecialists.com.au)

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### DISCLAIMER

*The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained. Contact your accountant or Property Tax Specialists at [info@propertytaxspecialists.com.au](mailto:info@propertytaxspecialists.com.au) or call 02 9411 8133*

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Shukri Barbara

**Winner** - Readers Choice Awards *Your Investment Property Magazine*

**2012 - Property Tax Adviser of the Year**

2011- **Property Tax Specialist of the Year**

**Tax Columnist** – Smart Property Investment magazine

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**Barbara & Co cpa cta**

phone 02 9411 8133

fax 02 9412 2833

mobile 0410 588 305

post: P.O.Box 665 Chatswood NSW 2057

office

Level 5 suite 509, 71-73 Archer Street Chatswood NSW 2067

website [www.propertytaxspecialists.com.au](http://www.propertytaxspecialists.com.au) <<http://www.propertytaxspecialists.com.au>>

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